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NEWS SUMMARY

GENERAL

Fourth man's spy probe demand

Labour MPs demanded a full and urgent Commons inquiry into the 15-year-old cover-up of Professor Anthony Blunt, the Soviet spy and "fourth man" in the Burgess-Maclean-Philby affair.

Mr. George Thomas, the Speaker, said he would give "very serious consideration on Monday" to an emergency debate.

As the storm of protest broke over the immunity given to Blunt, one of the MPs' main demands was for Government clarification of the Queen's role in the case of her former art adviser. Back Page; Feature, Page 25

Ceasefire hopes

Foreign Secretary Lord Carrington intends to complete negotiations on a ceasefire in Rhodesia's seven-year-old guerrilla war next week, allowing the ceasefire to come into force in the first week of December. Back and Page 2

Film men cleared

Members of the Panorama film crew involved in the incident in Carrickmore, Ulster, have been cleared by BBC governors of collusion with the IRA.

Hint to Barre

President Giscard d'Estaing has implied in a letter to Raymond Barre that he can continue as French Premier for at least another six months in spite of rumours that the President wants to replace him. Page 2

Coup plot foiled

Seychelles President Albert Rene said he had foiled a plot to overthrow him involving foreign businessmen and mercenaries. More than 25 people had been arrested and a dusk-to-dawn curfew was imposed.

Lawyer held

Swiss lawyer Pier Francesco Campana was arrested at Milan Airport on charges of handling ransom money from two recent kidnaps. He was also sought in connection with the fraudulent handling of money for victims of the 1963 Vajont Dam disaster.

Actor burnt

Actor Anthony Booth was badly burnt in a fire at his north London flat. He was taken to hospital where his condition was described as "very serious."

Nuclear protest

About 3,000 people staged a torchlight demonstration in Amsterdam against NATO plans to instal new nuclear missiles in the Netherlands and other West European countries.

Basque killing

Two Spanish gunmen shot dead a 33-year-old man in the Basque town of Mondragon. In another shooting in Bilbao, officers escaped injury when gunmen opened fire on a police control point.

Briefly...

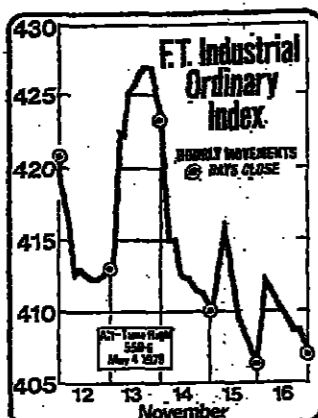
British climber Peter Boardman and two team members have scaled for the first time the 22,782 ft south summit of Gaurishankar in the Nepal Himalayas. Two trains collided near Dublin injuring 30 passengers. Cyril Bernstein, one of the reporters who uncovered the Watergate scandal, has been named Washington bureau chief of ABC News. West German motor industry heiress Maria-Christina von Opel has been jailed for 10 years for drug trafficking. South African Censorship Board banned a record of excerpts from the rock opera, Jesus Christ Superstar.

BUSINESS

\$ slips in thin trading; gold firm

● GILTS dominated markets, rising as it was learned that the new long Treasury stock was over-subscribed, when trade was halted. Gains covered long and short issues and the FT Government Securities Index rose 1.18 to 64.49.

● EQUITIES were little changed, despite interest in



leading shares. The FT 30-share index rose 0.7 to 407.0.

● STERLING rose again on the MLR increase, gaining 1.55 cents to \$2.1590 (\$2.1435). Its trade-weighted index rose to 69.4 (68.9).

● DOLLAR was unsettled in thin trading, falling to DM 1.7770 (DM 1.7830) and SwFr 1.6460 (SwFr 1.6560). Its index fell to 86.9 (87.2).

● GOLD rose \$6 1/2 an ounce to \$390 1/2 in London.

● WALL STREET was 1.45 lower at 819.38 shortly before the close.

● U.S. MONEY SUPPLY: M1 \$379.2bn (\$376.2bn); M2 \$942.2bn (\$937.8bn).

● GROSS DOMESTIC PRODUCT, excluding North Sea oil and gas, is stagnant and economic output fell sharply between the second and third quarters, largely as a result of the engineering dispute. Page 4

● TIGHTER CURES on loans and credit to company directors have been announced by the Government. Page 3

● SWISS COMPANY has purchased offshore drilling rig from BNOOC and Scottish Office for a sum thought to be over £15m. Page 4

● ITALSIDER'S Bagnoli steel-works near Naples may receive from the EEC 30 per cent of the £224m needed for plant restructuring. Page 29

LABOUR

● BBC TELEVISION programmes may be disrupted by a dispute involving the Association of Broadcasting Staff. Page 4

● FORD MOTOR pay negotiations, often seen as setting the pace for private sector wage deals, will continue next week after rejection of union claims for a £30 a week rise. Back Page

● GOVERNMENT proposals for reforming industrial relations law have been attacked by the secretary of the Engineering Workers' Union. Page 4

COMPANIES

● SECOND BIDDER is attempting to buy Oil Exploration despite London and Scottish Marine Oils agreed bid worth £76.3m. Page 26

● F. H. LLOYD HOLDINGS first-half profits have fallen sharply to £238,000 (£1.4m) due to redundancy costs, an operating loss and impact of the engineering strike. Page 26

● GROUP LOTUS CAR companies taxable profits in the first six months of 1979 more than doubled to £830,000 (£347,000) on increased sales. Page 26

● IMPERIAL GROUP, which bids £205m for the U.S. Howard Johnson company in September, estimates pre-tax profits this year will be close to the £131m in the year to October 1978. Page 26 and Lex Back Page

CHIEF PRICE CHANGES YESTERDAY

Table with columns for RISES, FALLS, and LASMO, listing various commodities and their price changes.

New £1bn stock sold out • Gilt prices and sterling up sharply

Government regains initiative in financial markets

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT achieved the main immediate objective of its monetary measures yesterday by regaining the initiative in the financial markets. The new £1bn long-dated gilt-edged stock was sold out immediately, an £800m medium-term loan was announced and gilt prices and sterling both jumped sharply.

At the same time the Government reaffirmed its intention to hold down the level of public spending with its announcements about limits on nationalised industries' external borrowing and local authority spending in 1980-81.

There is no mention of any sort of pay norm, but the nationalised industries' totals have been announced much earlier than in previous years, so that "the limits would be taken into account in wage bargaining."

The local authority figures are intended to be compatible with pay and price rises of 13 per cent in 1980-81. Sir Geoffrey Howe, the Chancellor, yesterday specifically related the measures on Thursday, including the three-point rise in the minimum lending rate to 17 per cent, with pay negotiations. He said behaviour of employers and employees "should be, and in the end inevitably must be, conditioned by the Government's commitment to firm control of the money supply."

He also told an Institute of Bankers dinner in Chester last night that the banks and other financial advisers should spell out the practical consequences of national economic policy to their customers.

The City markets welcomed the measures, and the £20 partly-paid 13 1/2 per cent Treasury 2000-03 stock was quickly sold out in hectic trading conditions. Dealers reported that as much as £2bn was put up for the

State board cash limits and Joseph speech. Page 4. Editorial Comment and feature. Page 24. Retail price index up and Lex, Back Page

£200m available, and the stock rose to a big premium, providing a potential profit on the day of nearly 13 1/2 per cent.

The authorities' actions are more to do with market management than with immediate funding needs though the two new issues are obviously a big help. There is clearly a desire to prevent medium and long yields falling too far too soon, and thus to avoid arousing premature expectations of a fall in MLR.

The new stock is £800m of 15 per cent Treasury 1985, payable in full with tenders next Thursday. The minimum tender price is £98.50 where the gross redemption yield is 15.44 per cent.

Continued on Back Page

Mortgage rate of 14% likely on January 1

BY ANDREW TAYLOR

THE MORTGAGE rate last night looked set to rise even further from January 1, to between 14 per cent and 15 per cent—compared with the record 12 1/2 per cent presently proposed by building societies.

The Building Societies Association yesterday called for an emergency interest rate meeting to be held next Thursday after the clearing banks yesterday decided to raise base lending rates by 3 per cent to a record 17 per cent.

It seems likely that building societies will press for an almost immediate increase in society investment rates to be followed as soon as possible by a further rise in the mortgage rate—with January 1 the most likely date for a mortgage increase.

Most societies believe that an increase in the ordinary share investment rate from 8 1/2 per cent net to 10 1/2 per cent—equivalent to 15 per cent gross to the basic rate tax payer—is essential. This would mean a mortgage rate of between 14 and 15 per cent.

This would reverse recent building society arguments that it would be technically difficult to raise the mortgage rate from January 1 above the 12 1/2 per cent proposed last summer.

The societies now believe they have to act swiftly if their position in the savings market is not to be undermined.

One top of the higher than expected rise in Minimum Lending Rate to 17 per cent on Thursday, they are concerned about the increase in National Savings Bank investment account rates to 15 per cent and the rise of £500 to £1,200 in the maximum permitted holding of retirement issue index-linked National Savings Certificates. A new ordinary National Savings Certificate is to be issued in February.

Mr. Leonard Williams, chairman of the BSA and chief general manager of Nationwide Building Society, said: "The measures are much more than we anticipated and will put intense pressure on building societies if we do not act swiftly. This is why the council has called for an emergency meeting rather than wait until December 14 when we had planned to meet."

The societies have made it clear that they would not be able to sustain a rise in investment rates without raising the mortgage rate.

Unlike this summer when societies increased the ordinary share account rate to 8 1/2 per

cent but postponed raising the mortgage rate until January 1. This move was largely the result of strong Government pressure. It now remains to be seen whether the Government will react to moves to push the mortgage rate even higher.

Societies remain under strong pressure to meet mortgage demand despite an improvement in net receipts—helped recently by tax rebates—over the past two months.

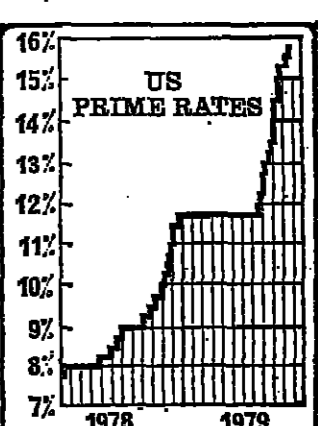
The BSA estimates that societies will lead about \$8.979bn to home buyers this year—£150m more than last year. But this will fund around 11 per cent fewer loans because of the continuing sharp increase in house prices over the past 12 months.

Michael Lafferty writes: The rise in clearing bank base lending rates to 17 per cent means that blue chip companies will pay 18 per cent for their funds, while personal customers will bear interest at rates between 20 and 22 per cent on overdrafts.

Bank personal loans will also cost more in some cases, while the cost of borrowing from finance houses and on credit cards is also expected to increase in the near future.

The clearers will also be paying record rates of 15 per cent on deposits. The national allowances for customers with credit balances on current account will also be worth more—though it is available only to the extent of bank charges.

Savings and Investment. Pages 8 and 9



Prime rate up to 15 1/2%

By Stewart Fleming in New York

FURTHER EVIDENCE that the repercussions of the Federal Reserve Board's abrupt tightening of monetary policy on October 6 have still not worked fully through the financial system came yesterday when Citibank, the second largest New York bank moved its prime rate to a record 15 1/2 per cent.

Within hours, other major banks, including Morgan Guaranty Trust and Manufacturers Hanover Trust announced similar increases. There seems every probability that the move will be industry-wide.

In recent weeks, the banks have been under some political pressure to hold the prime steady because of fears about the impact of high interest rates on the economy.

The latest move occurs, however, when political and national attention is focused heavily on the U.S.-Iranian diplomatic crisis.

The increase came even though short-term interest rates and bank funding costs have retreated somewhat from the peaks hit in the wake of the Fed moves.

Citibank adjusts its prime according to a formula averaging its cost of money over the previous three weeks, and could have raised its rate to 16 per cent a week ago. It held off partly in response to political pressure, analysts suggest.

As yesterday's moves suggest, however, the banks are anxious to offset the rising cost of their own funds through further increases in their lending rates, and clearly do not feel that a prime rate of 15 1/2 per cent accomplishes this.

In addition, loan demand remains strong. There is mounting evidence, however, that the sharp rise in short-term interest rates of more than 2 percentage points in the case of the prime since just before the Fed's action in October is having a depressing impact on economic activity.

Local authority cash limit fixed at 13% next year

BY PAUL TAYLOR AND CHRISTIAN TYLER

LOCAL AUTHORITIES were told yesterday that the Government has set a 13 per cent ceiling on the extra cash it will provide to help fund pay and price rises in local government next year. The local authority spending cash limit was announced at the same time as the 1980/81 rate support grant.

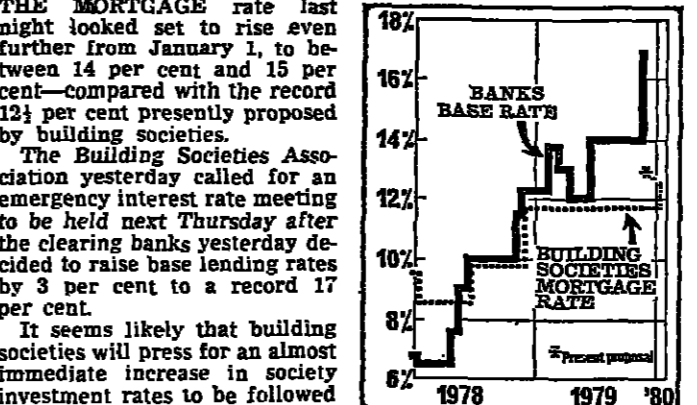
The announcement brought an immediate warning from local authority leaders that they were being placed "in the forefront of the battle against inflation." The cash limits could also lead to rate increases of more than 20 per cent next April.

Local authority union leaders condemned the figure of 13 per cent as inadequate, and as evidence of a "back-door" incomes policy for 2.5m workers.

Initial reactions of some council officials suggested that the first pay offer to the LIm council manual workers at the end of this month will be less than 13 per cent—and possibly as low as 10 per cent.

The unions have claimed a "substantial increase" for their 1979 award—which will be backdated to November 9. They are thinking in terms of 17 per cent to keep pace with the retail price index.

They said yesterday that this would be necessary to maintain the value of the comparability awards from the Clegg Com-



The heavy sales of gilt-edged stock, with about £1bn committed in the last two days, has largely dealt with the immediate public-sector financial pressures, along with the accelerated collection of petroleum revenue tax. The difficulties here were, anyway, largely of timing, especially the serious underestimation by the Bank of required funding in October.

The big problem is the level of bank borrowing to the private sector. After the record jump in advances last month reports from the clearing banks suggest no significant easing of the pressure yet, and the record MLR will take time to work through.

But Mr. John Biffen, the Chief Secretary to the Treasury, held out the hope that a tightening economy in the next 12 months will "have a restraining impact upon demands for bank credit and the problems of monetary

mission made to local authority employees.

The only industrial action that unions have contemplated so far is against cuts in staff. So far there have been no threats of a repetition of last year's militancy over pay.

Mr. Alan Fisher, general secretary of the National Union of Public Employees, said the 13 per cent was unrealistic, but he welcomed the fact that the rate support grant was being maintained at 61 per cent—which he said was a response to union pressure.

Mr. David Bassett of the General and Municipal Workers Union said that the 13 per cent

Continued on Back Page

Courtaulds to close factory

BY MAURICE SAMUELSON

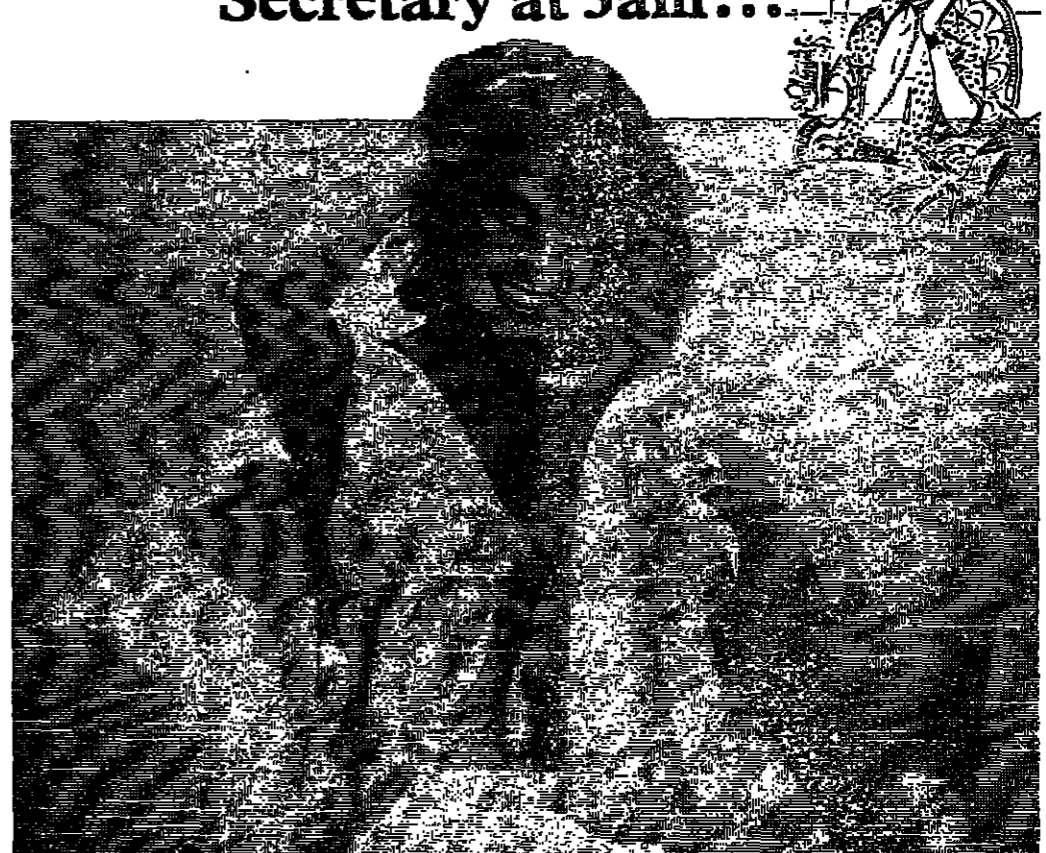
COURTAULDS, the textile group, is to close one of its oldest and biggest factories in the UK with the loss of 2,600 jobs. The cut comes on top of some 5,000 redundancies already announced by Courtaulds this year.

The latest plant to be hit is the Red Scar works at Preston, Lancashire, which makes viscose linings for garments and tyres. The company blamed its decision, announced yesterday, on "an irreversible change" in the market for the two types of yarns made there—viscose textile and viscose industrial.

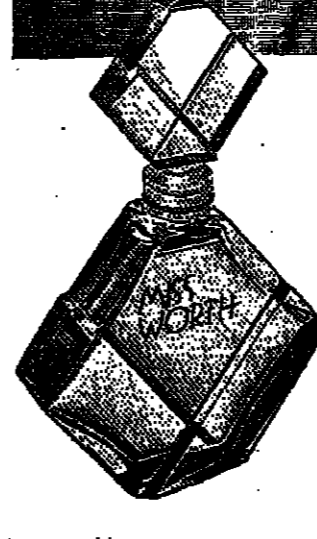
The plant had lost £5m since 1975. Over the past 18 months losses have been running at an annual rate of £2m.

The news is a major blow to Preston, where Courtaulds is a leading employer.

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MISS WORTH the vivacious fragrance for the '80s

Table of Contents listing various sections and their page numbers, including Politics, Gardening, Property, Travel, etc.

OVERSEAS NEWS

Ban will take time to hit U.S. oil groups

By David Lascelles in New York

THE U.S. OIL industry has taken two body blows because of Iran this week: the ban on imports of Iranian crude to the U.S. and the Khomeini regime's refusal to sell any more oil to U.S. companies no matter where they plan to ship it.

As it turns out, these developments will have little immediate impact—oil stock prices put on strong gains on Wall Street in the past few days—but the shock waves should start making themselves felt at the turn of the year, and not just in the U.S.

The main reason for the delay is the long lead time in oil supplies as tankers make their way across the high seas. The U.S. still has four to six weeks of deliveries on hand and, thanks to its stocks, could easily survive twice that long if necessary.

However, the net effect for the oil industry is that it has lost access to 700,000 barrels of oil a day, about 3.5 per cent of the U.S.'s daily needs. For large companies like Exxon this will not be a major problem.

Exxon's Iranian intake was about 65,000 barrels a day, less than 1.5 per cent of its daily requirement. But some of the smaller companies could find themselves in serious trouble.

Chief among these are Ashland Oil, Amerasia Hess and Charter, which depend on Iran for a quarter or more of their supplies. They will probably be able to make up some of the shortfall on the spot markets or by increasing existing contracts, but only to a limited extent.

Their best hope is that the Government will invoke its standby emergency allocation programme to divert crude from oil-rich companies to the oil-starved. These emergency powers have never been used before but they are ready at a moment's notice and could remain in force for three months at a time.

All the U.S. oil companies will, however, be forced to make up at least part of their lost supplies by bidding on the spot markets. This is bound to push prices up in the coming weeks. But the exact extent will depend on how well the industrialised world responds to calls for conservation.

As for the bottom line, the week's events have increased most U.S. oil companies' operating costs, and this is bound to affect profits. But with the oil companies' recent spectacular earnings a source of embarrassment rather than pride, this may not altogether be a bad thing.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates \$385.00 per annum. Second class postage paid at New York N.Y. and at additional mailing centres.

Andrew Whitley and Anthony McDermott sum up the escalating U.S.—Iran conflict.

Like blindfold boxers, they flail and miss

AN UNPRECEDENTED deterioration has taken place in the past fortnight in the strained relations between Tehran and Washington, as Iran's turbulent revolution has continued to unfold.

Like two blindfold boxers in the same ring, they have flailed at each other without making real contact or, apparently without really understanding each other's strategy.

Both sides have chosen to escalate the fight—causing considerable worry to their world audience. On the one hand, Iran has brushed aside diplomatic tradition through the invasion of sovereign territory of the U.S. embassy in Tehran and the taking of hostages. It has thus raised serious doubts about whether the country's religious leaders have acted out of radical principle or paranoia.

At the same time, the U.S., through its pre-emptive and retaliatory measures has shaken the financial world and added to existing anxiety about world oil supplies and prices. At the heart of the crisis remain the 70 hostages, now approaching the second week of captivity.

The short-term cause of the crisis was the admission of the Shah to the U.S. on October 22. Two days later it was announced that he was undergoing treatment for cancer and

might not survive. Many Iranians not least Ayatollah Khomeini genuinely believed this to be the culmination of a long-standing plot, hatched with the help of such public figures as Dr. Henry Kissinger, the former U.S. Secretary of State, and Mr. David Rockefeller, chairman of Chase Manhattan Bank to remove Iran's arch hate-figure and cause of all the country's modern woes, to the U.S.

The crisis broke in full force on November 4 when Islamic "students" stormed the U.S. embassy in Tehran, meeting by their own admission, surprisingly little resistance. In the process they took hostage some 70 embassy employees, mainly U.S. diplomats. No one was hurt and in spite of the pressures there have been no reports of maltreatment.

The officially sanctioned embassy attack directly provoked the long-threatened resignation of the Government of Mr. Mehdi Bazargan, eliminating, at a stroke, the remnants of the old-style, secular administration. The intractability of the crisis was emphasised by Ayatollah Khomeini's personal endorsement of the "student" action. Most of the "students" are believed to be full-time Muslim militants from among the various paramilitary forces at the command of the Tehran clergy.

The last action of Mr. Bazargan's Government was to abrogate unilaterally the cornerstone of Iran's relations with the U.S., a bilateral defence treaty which effectively gave Iran the protection of the U.S. nuclear shield against a Soviet invasion. At the same time, two crucial articles in the 1921 Iran-USSR treaty were declared void.



President Carter, Vice-President Mondale and Mr. Cyrus Vance, U.S. Secretary of State, at a service of intercession in Washington for the hostages held in Iran.

Meanwhile, the U.S. activated almost any mediators it could to bridge the yawning gap of understanding with Ayatollah Khomeini's regime and the "students" in the embassy. President Carter clearly underestimated the implacability of

Khomeini in hoping that a mission headed by Mr. Ramsey Clark, a former Attorney-General, who had met Khomeini in Paris, would be acceptable. Khomeini refused to see him, and after cooling his heels in Istanbul, Mr. Clark returned to the U.S. two days ago.

The U.S. then clutched at straws and eagerly accepted an offer from the Palestine Liberation Organisation, anxious to improve its own standing with the U.S. public, to mediate.

Once again, Khomeini's theological world refused to see the political opportunity for his professed Palestinian allies.

As the stalemate continued and tensions grew, the Iranian authorities dropped hints that they were prepared to cut oil supplies to the U.S. Forestalling their action, by a few hours, Mr. Carter halted all oil imports from Iran.

He, in turn, had already escalated the confrontation by halting the delivery of military spare parts to the Iranian armed forces which are almost totally dependent on the U.S.

One major problem throughout the crisis for the U.S. and others has been that of not knowing with whom negotiations should be conducted. A classic illustration of the confusion this has caused occurred yesterday when first Mr. Abol Hasan Bani-Sadr, the radical figure in charge of finance and external affairs, was reported in Le Monde as saying that Iran had decided to switch out of the dollar for its oil payments and into a basket of currencies within hours the acting Oil Minister, Mr. Ali Akbar Moinefar, said no such decision had yet been made.

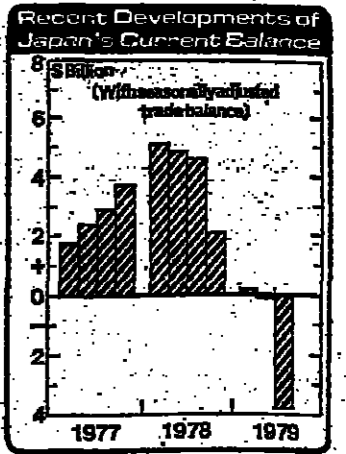
It was Mr. Bani-Sadr who earlier this week announced the dramatic measures of pulling out what he said was Iran's \$12bn worth of foreign currency reserves in U.S. bank Mr. Carter retaliated by freezing all Iranian Government assets in the S. and in American banks abroad, estimated by the Administration at some \$6bn.

As these tit-for-tat measures escalate it becomes increasingly clear that such measures only worsen the chances of the hostages being freed. Conciliatory gestures have been made by prominent individual Iranians, but have received a dusty answer from the U.S. President Carter has not budged from his refusal to deport the ailing Shah to Iran and the militants holding the embassy and their clerical backers have responded in similar manner.

After two weeks of fruitless confrontation one way out of the impasse is for the U.S. Administration to recognise that only a political gesture comprehensible by Ayatollah Khomeini, who has retreated further into the religious capital of Qom, can hope to save the hostages.

It may be that the U.S. Administration is preparing the way for a compromise. Mexico is known to have cleared the way for the Shah's return to that country, by pulling out their entire Tehran diplomatic staff. The Iranians, according to Mr. Bani-Sadr, are no longer demanding his extradition and there have been hints that some of the hostages might be released.

Another element in the overall compromise could be the uncertain legal status of the Shah's huge fortune abroad. Without a compromise all the indications are that the crisis will continue to deepen and broaden internationally.



Japanese deficit of \$15bn expected

By Richard C. Hanson in Tokyo

PRIVATE estimates indicate that Japan's deficit in the current account of the balance of payments for the fiscal year could be as high as \$15bn, as a result of oil price and trade trends. This is about 50 per cent higher than previous published forecasts.

The estimates, now ranging between \$12bn and slightly more than \$15bn, assume oil prices will rise about 10 per cent at the meeting of the Organisation of Petroleum Exporting Companies in Caracas next month on the heels of an average rise of 8.5 per cent during the present fourth quarter.

This would bring Japan's crude oil import bill up from the \$9.9bn estimated for the present quarter to \$10.9bn in the first quarter of 1980, a 60 per cent plus increase over the cost a year earlier. The forecasts assume that Japan's imports will continue at a quarterly pace of about 420m barrels.

The cost of oil could be even higher if Japan buys more oil on the spot market, which currently covers about 11 per cent of imports. After the OPEC meeting it is expected that set prices will be slightly under \$26 per barrel.

The latest customs clearance trade figures tend to support the more pessimistic private estimates of the deficits to come. The Government has simply declined to make any statements about the prospects.

One forecast prepared for a securities company predicted that the current account deficit in the first quarter of 1980 would amount to \$7.5bn, or double the estimate for the fourth quarter this year of \$3.7bn. A trading company internal estimate sets the first quarter deficit at closer to \$5bn.

The annual rate of increase in non-oil imports is generally expected to decline from 25.30 per cent this quarter to 20.25 per cent next quarter. A slowdown in economic activity in Japan could reduce demand for imports, but this could be more than made up for if oil prices rise above the somewhat optimistic guesses being used for forecasts.

Government officials believe exports might show a greater increase than is now being forecast as a result of the year's weakening. Most recent statistics show, however, that while export volume is recovering, value has tended to lag.

Carrington's ceasefire proposals

BY OUR FOREIGN STAFF

LORD CARRINGTON, Britain's Foreign Secretary, yesterday submitted proposals for a ceasefire in Zimbabwe Rhodesia which will be the subject of intensive discussions over the weekend by all parties to the Lancaster House talks.

Stressing the need for a rapid end to the ceasefire negotiations, Lord Carrington told yesterday's plenary meeting: "It is essential that the conference should reach agreement on the ceasefire as soon as possible—I envisage a matter of days."

The success of the ceasefire according to the 10-point British plan, will depend principally on the willingness to make it work of the Salisbury Government and the Patriotic Front. Their commanders will be responsible to a British Governor. All parties will be represented on a ceasefire commission but the Governor will have to rely principally on moral persuasion to make his authority felt. He will have no armed forces of his own.

There will, however, be an independent monitoring force composed of "several hundred" Commonwealth troops who will have the job of policing the ceasefire but will not intervene in a combat role.

The main points of the British proposals are:

- A ceasefire should be implemented as quickly as possible and need not be more than seven to 10 days.
• Both sides will be given full access to facilities to get the ceasefire message to their troops.
• Movement of all forces will cease and military operations will be limited to self defence.
• Commanders of the forces involved will be responsible to the British Governor, who will be aided by a military advisor and a team of British military liaison officers.
• A joint ceasefire commission will assess and supervise the observance of the ceasefire.

- Only unarmed people will be allowed into Rhodesia between the day of the ceasefire and election day.
• Zambia, Botswana and Mozambique will be asked to co-operate with the ban on cross-border military activities.
• A ceasefire monitoring group will be established under the authority of the Governor to observe the ceasefire.
• The forces of the Patriotic Front and the Zimbabwe Rhodesian security forces will be separated geographically and will not be possible to deploy the monitoring group.

The major areas of difference, during the ceasefire negotiations are likely to include:
• The time taken to establish the ceasefire—against Britain's 7-10 days, with which the Salisbury government agrees; is ranged the Patriotic Front's two-month estimate.
• The question is critical since Britain is determined to set a date for the entry into force of the ceasefire. The Governor's authority over Rhodesia is likely to be established on or about the same day, which in turn will determine the date of the election and of ultimate independence.
• The question of movement: while the 10-point British plan does not spell this out, Britain wants the Front forces concentrated into assembly points. Their location, size and status is likely to be disputed by the Front, as will an apparent decision to house and feed but not pay the guerrilla forces.

Outcry likely to follow S. Africa treason trial

BY QUENTIN PEEL IN JOHANNESBURG

THE DEATH sentence passed on a black nationalist guerrilla for treason is likely to cause a renewed worldwide outcry against political and security trials in South Africa.

Accused of receiving military training outside South Africa and returning with the aim of overthrowing the Government by force 12 men were found guilty this week in Pietermaritzburg and were given jail sentences totalling 184 years. The death sentence was passed on 24-year-old James Daniel Mange.

The total sentences are the harshest to date in the spate of security trials which has followed the Soweto riots of June, 1976.

The trial of the 12 all said to be members of the banned African National Congress has also been the most sensational yet in its revelations of organised infiltration of South Africa.

According to the evidence James Mange was the leader of a group of four ANC guerrillas whose plan was to attack the police station at Whittlesea, near Queenstown.

The 12 dismissed their defence early in the trial, when the judge, Mr. Justice F. Hefer, agreed the trial should be held in camera to protect State witnesses.

Asked if he had anything to say in mitigation, Mange replied: "Yours is not to ask, but to do."

The strong ideological commitment of the 12 was reflected in their concerted refusal to recognise the court.

Bolivian coup bid nears end

By Hugh O'Shaughnessy

THE SANDS were running out yesterday for Colonel Alberto Natusch, the officer who seized power in Bolivia on November 1.

Confirmation of reports that fellow officers had ordered him to quit was expected as soon as last-minute negotiations between civilian politicians, trade unions and the army yielded the name of his successor.

The army was reported to be holding out against any restoration of Dr. Walter Guevara Arze, the provisional President whom Col. Natusch ousted at the beginning of the month.

The death toll in fighting between forces supporting Col. Natusch and opponents of his attempted coup is now put at about 200.

The right-wing officer, who has a reputation for high living, appears to have been prompted to revolt principally by a long-cherished ambition to become President and by disgruntlement with his failure to be promoted.

Initial stiff opposition to his putsch by civilian politicians, some generals and colonels, the Church and by trade union groups virtually ensured the failure of his bid for power.

This week his difficulties were compounded by a financial crisis born of the unwillingness of Venezuela and the U.S. to continue lending him the regime money at a time when Bolivia needed several hundred million dollars to meet its international commitments.

Tough Malta budget
By Our Own Correspondent
THE MALTESE Government has imposed sweeping new taxes in its budget for the coming year.

Petrol now costs M£1 (75p) a gallon, a rise of 43 per cent, and taxes are being levied on bread, milk, electricity, gas, telephones, postal services, diesel, cigarettes, wines and spirits and TV licences.

Spending cuts to be put before Israeli Cabinet

BY L. DANIEL IN TEL AVIV

A TOUGH package designed to halt Israel's runaway inflation is to be put to a special Cabinet session, probably in the middle of next week, by Mr. Yigal Hurwitz, the Finance Minister.

He appears likely to ask for a cutback of at least 5 per cent in real terms in Government spending, an increase in the cost of imports, cuts in Civil Service personnel and for a tax on tickets for travel abroad to be reimposed.

Israel's consumer price index rose 78 per cent in the first 10 months of this year and Hurwitz is bent on pruning a supplementary budget, prepared by his predecessor, which would have doubled the total of the original 1978-80 budget.

Congress again refuses to pass hospital law

BY JUREK/MARTIN, U.S. EDITOR, IN WASHINGTON

CONGRESS has once again frustrated President Carter's attempt to impose a Federal lid on soaring hospital costs.

Mr. Jody Powell, the President's Press Secretary, described Mr. Carter's reaction to the defeat as "unprintable". The White House immediately blamed the powerful medical lobby for engineering the setback.

The Hospital Cost Containment Bill has been mentioned regularly by the President as an integral part of his anti-inflation programme. It would have authorised stand-by Federal controls over hospital costs if they continued to escalate beyond a given level.

This means probable cuts in defence, education and social welfare expenditure as well as only part compensation to ministries and services for recent price rises.

Last month the consumer index rose 7.5 per cent and now stands at 440 (1976=100), partly due to higher prices fixed in expectation of continuing inflation and consumer demand based on the same expectation.

Borrowing is high, with the commercial banks' liquidity deficit now I\$6bn (over \$92m).

Yet the stock exchange has been in the doldrums this week with buyers reluctant to acquire shares. Many potential buyers seem to have put their money into foreign currency earlier this month.

The Administration knew this week that the measure had no chance of passage. But it insisted on a Congressional vote, which meant that Congress and the medical lobby could be blamed for the state of inflation in medicine rather than the President.

The arguments used against the President's proposals were familiar. But greater emphasis was placed on the increased powers the Bill would confer on the federal bureaucracy. Few politicians in the run-up to next year's elections consider it profitable to be seen as a friend of intrusive government.

Advertisement for Clydesdale Bank. Features the Clydesdale Bank logo and the text 'BASE RATE'. The ad announces that with effect from 19th November 1979, its base rate for lending is being increased from 14 per cent to 17 per cent per annum. It also mentions that with effect from 20th December 1979, interest charged on debit balances on existing personal credit plan accounts will be increased by 3 per cent to 21 per cent per annum debited quarterly.

Advertisement for The Heart Is Where Your Home Is. It describes a convenient location in the heart of Amsterdam and lists amenities like free movies on your in-room closed circuit, colour TV, individual air-conditioning, and a wide choice of restaurants. It also mentions a warm and friendly atmosphere and provides contact information for Amsterdam Marriott at Slachterskade 21, 1054ES Amsterdam.

Advertisement for French Prime Minister boosted by Giscard letter. It reports that the POSITION of M. Raymond Barre, the French Prime Minister, has been considerably strengthened by a letter from President Giscard d'Estaing which implies that he can continue to hold his present position for at least another six months. It also mentions that the President outlined the main lines of action he foresees for the Government during the next six months, which suggests he wants M. Barre at the helm to pilot the measures through.

Large advertisement for Midland Bank Base Rate. It states that Midland Bank Limited announces that, with effect from Monday 19th November 1979, its Base Rate is increased by 3% to 17% per annum. It lists various deposit accounts and interest rates, such as Deposit Accounts with interest paid on accounts held at branches and subject to 7 days' notice of withdrawal, and Personal Credit Plan Accounts with interest paid on credit balances. It also mentions a Midland Bank logo.

UK NEWS

Clampdown on loans to company directors

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

TIGHTER MEASURES to restrict loans and credit which companies grant to their directors were announced last night by the Department of Trade. They will be incorporated in the Companies Bill which is going through the Commons.

Companies will be criminally liable if they give "quasi loans" such as credit card facilities to directors. There is also a new provision limiting the right of directors to grant themselves long-service contracts in order to ensure they get big "golden handshakes" in the event of a take-over of their company.

Another clause will require directors to have regard for the interests of their employees as well as the interests of shareholders.

The measures were originally foreshadowed by Mr. Cecil Parkinson, Minister of State for Trade, during the second reading of the Bill in the Commons last month.

The new clauses will be introduced during the committee stage which started last week.

Loans to directors are prohibited by the 1948 Companies Act subject to exceptions for moneylending companies. But the Government is to act because the law did not prevent serious abuses by directors of secondary banks. The inspectors' report on Peachey Property Corporation highlighted the situation.

Under the new arrangements it will be a criminal offence for directors with limited exceptions. The law will also apply to directors who wilfully authorise loans in breach of these provisions to themselves or fellow directors. In addition, directors will be barred from authorising such facilities to persons with whom they are connected, such as relatives or associates.

Money lending companies

will be able to lend on ordinary commercial terms up to a limit of £50,000 for each director.

They will be able to loan under a company house purchase scheme up to a limit of £50,000. Recognised banks will be given a special exemption.

Under the "golden handshake" clause, arrangements for employment contracts granting compensation for long service will have to be approved by a meeting of shareholders if they extend for more than five years. The transfer of property worth £50,000 or more between directors and their companies will have to be sanctioned by a general meeting of shareholders.

The requirement that directors should have regard to the interests of their employees will be enforceable only by the company itself—a proposal that will be criticised by Labour MPs. But the Government maintains this is a long-overdue amendment to company law.

Taxicab campaign dismays the world

By Lisa Wood

A CAMPAIGN by London taxi drivers to replace their familiar black cabs with sleek saloon cars, possibly from abroad, has caused "world-wide consternation."

The Licensed Taxi Drivers' Association poured derision on the "large box on wheels," which is also used in several other cities outside the capital.

In its official journal, *Taxi*, the association said that nowhere else in the world wanted the "outdated black monster." It asked members to suggest a new model and itself put forward for consideration saloons made by Mercedes-Benz, Peugeot, Citroen, Ford, Volvo and Fiat.

Mr. Harry Feigen, general secretary of the association said yesterday that the article had caused a worldwide furor. People from as far away as Australia had said they were most upset by the possible demise of the traditional taxi, which one correspondent called "a showpiece" of the world.

Mr. Feigen said taxi drivers had been worried that the present taxi, the FX4, might not comply with EEC requirements in the early 1980s. This had spurred them to find a replacement.



The world-famous London taxis.

"Nobody knows whether Car Bodies, which produces the existing custom-built vehicle, will produce a re-designed vehicle."

The association had asked other manufacturers whether they would design one. "Some drivers are saying it is time they had more comfort at work. Lots of them are deaf because of the noise from the diesel engine."

Regulations on the design and operation of the London taxi differ from those in the rest of the UK. The London taxi is supervised by the Public Carriage Office and governed by Parliament. This arose from the specific need to protect Londoners about 250 years ago when hackney carriages were operated by criminals.

In the rest of the UK local authorities determine what sort of vehicles are used. While some large cities, such as Glasgow and Manchester, stipulate the use of the black cab, smaller towns allow ordinary saloon vehicles.

The custom-built cab, is the only vehicle allowed to ply for hire on the streets of London. It is manufactured by a con-

sortium. BL produces components, Car Bodies (a subsidiary of the Manganese Bronze Group) manufacture the bodies and assembles the vehicles, and they are retailed by Mann Overton.

Mr. Grant Lockheart, managing director of Car Bodies, said: "The scare about the current model not being saleable in the 1980s is not well founded. We could not sell the existing FX4 then, but we are updating and varying the design to comply with EEC regulations."

He agreed that drivers' criticisms of the FX4, which costs about £5,900, could be justified, but added that a new vehicle would be quieter and have better suspension.

The problem facing Car Bodies in developing a new cab is that production volume is low—about 60 a week, and a large investment is needed. A prototype for a new cab—the FX5—is still under wraps. It development depends on costs.

But Mr. Lockheart predicted that there would be no major swing towards a foreign produced taxi. "We produce a vehicle which no other manufacturer will."

Euro-MPs act on apple dumping

URGENT ACTION to stop thousands of tons of French Golden Delicious apples being dumped on the British market was announced by Conservative Euro-MPs in Strasbourg yesterday.

A committee has been formed to investigate allegations that illegal subsidies by the French Government enable Golden Delicious to be sold in Britain at less than the cost of production and transport.

The committee will begin meetings in London shortly to take evidence from the National Farmers' Union and apple growers about the controversy.

Mr. Christopher Jackson (Kent East) has already obtained an undertaking from Mr. Fim Gundelach, the Agricultural Commissioner, that if evidence of illegal subsidies is presented, the Commission will take swift action to prevent distortion of the market.

The other members of the committee are: Mr. David Curry (Essex North East), Mr. Brian Hord (London West), Mr. William Newton-Dunn (Lincolnshire), Mr. Ben Patterson (Kent West), Mr. Madron Selligman (Sussex West), Mr. John Taylor (Northern Ireland), Mr. Amedee Turner (Suffolk) and Sir Fred Warner (Somerset).

Animal protection Bill 'will stop research'

BY CHRISTOPHER PARKES

A COMMONS Bill to protect animals used in scientific experiments would prohibit basic research in the UK, the Chemical Industries' Association said yesterday.

It would prevent new discoveries, stop testing of agricultural chemicals and pesticides, consumer products and substances used at work, the association said.

In a letter to the Bill's sponsor, Mr. Peter Fry MP (C., Wellingborough), the association said it found much of the Bill "ambiguous and of concern."

The Protection of Animals (Scientific Purposes) Bill received its second reading without a vote in the Commons yesterday.

Mr. Fry said the law had not been changed since the Cruelty to Animals Act of 1876, and MPs should feel ashamed that nothing had been done.

The Chemical Industries Association, which represents 90 per cent of the British chemical industry, said research into agrochemicals and pesticides would be stopped when the World Health Association was calling for more research.

Almost two-thirds of all research involving laboratory animals is done by the chemical and pharmaceutical industries.

Earlier yesterday, MPs were handed a petition of more than 1m signatures protesting about animal experiments.

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Farmers 'need marketing'

BY JAMES McDONALD

THE NATIONAL Farmers' Union of England and Wales recognised the need for marketing in agriculture, and there were many areas where better marketing was urgently needed, Mr. Richard Butler, president of the union, said in London last night.

He told a meeting of the under-30s section of the Farmers' Club that the union had re-established its marketing division "with a new form of committee structure which will allow the closest co-operation with the co-operatives."

"We already assist the flow of information between the producer and the market by encouraging the use of clear, well-balanced contracts. This is done by our contract vetting and certification service," Mr. Butler said.

"In addition, we provide practical services to co-operatives through our legal department on the drafting of rules, constitutions and agreements."

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"In addition, we provide practical services to co-operatives through our legal department on the drafting of rules, constitutions and agreements."

Public 'should know about nuclear plans'

BY JAMES McDONALD

NUCLEAR POWER could develop and expand only if public confidence was maintained, and that could happen only if as much information as possible was made available, Mr. Norman Lamont, Parliamentary Under-Secretary for Energy, said in Edinburgh yesterday.

He agreed with Mr. Anthony Wedgwood Benn, former Energy Secretary, "in his insistence that the development of nuclear power should be accompanied by the widest possible public discussion of the issues," he told the Electrical Power Engineers' Association annual school.

"The public is right to be interested in the safety of nuclear power. And they have a right to information. Making information available, even about the most insignificant nuclear incidents, could be a time-consuming business. But "like the industries, I am con-

vinced that openness on nuclear matters is in their interests. I believe that the facts are on the side of nuclear power. That is why I am delighted that the industries have made so much information available."

He said the Government was convinced that it would be essential that a full public inquiry be held if a decision was made to go ahead with the fast reactor.

"Britain has the longest established commercial nuclear power programme in the world. The first commercial nuclear power station was opened over 22 years ago. In all that time, the safety record of our nuclear industry has been outstanding."

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Corruption charges dismissed

DR. DAN DOCHERTY, former Glasgow councillor, was cleared of corruption charges yesterday after a 10-day trial in the High Court, Edinburgh.

The jury found him not guilty of receiving gifts and trips abroad from the late Mr. Martin Jackson, a consultant engineer, to show favour in awarding building contracts.

A charge of receiving £200 as a corrupt inducement to show favour in the appointment of architects for the new Glasgow Sheriff Court was found not proven.

He was found not guilty on a third charge of soliciting a reward to show favour to another architect.

Mr. Jackson, who was due to stand trial with Dr. Docherty, stabbed himself to death in September.

He was Scotland's only commissioner on the Manpower Services Commission and was chairman of the Jobs Creation Scheme in Scotland.

Ulster power-transfer paper out on Tuesday

THE GOVERNMENT document which will form the basis of the proposed four-party talks on devolved power for Ulster is expected to be published on Tuesday.

It will outline a variety of options.

The conference is likely to meet in two or three weeks. Meanwhile the Ulster Unionists and the Democratic Unionist Party are pressing the Government for a full-scale Commons debate.

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£5.76m total is jewels auction record


By Antony Thorncroft

A MAGNIFICENT emerald and diamond diadem, the property of a noble family, has been sold by Sotheby's in Zurich for £770,000. According to tradition the emeralds were once part of the Crown Jewels of France. There are 11, with a gross weight of 605 carats.

The diadem was the culmination of an extremely successful sale which totalled £5,761,807 net, a record for a jewels auction.

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The Royal Bank of Scotland

INTEREST RATES

The Royal Bank of Scotland Limited announces that with effect from 19th Nov., 1979, its Base Rate for lending is being increased from 14% per annum to 17% per annum

As from 19th November 1979 the rate of interest on Investment Accounts will be increased to 15½ per cent per annum.


The maximum rate of interest allowed on Deposits lodged for a minimum period of seven days or subject to seven days' notice of withdrawal at the London Offices of the Bank will be increased to 15 per cent per annum.


Hill Samuel Base Rate

Hill Samuel & Co. Limited announce that with effect from the close of business on Monday, November 19, 1979, their Base Rate for lending will be increased from 14 per cent to 17 per cent per annum.

Interest payable on the Bank's Demand Deposit Accounts will be at the rate of 15 per cent per annum.

Hill Samuel & Co. Limited
 100 Wood Street
 London EC2P 2AJ
 Telephone: 01-628 8011





C. Hoare & Co.


Announce that as from Saturday the 17th November 1979 their Base Rate is being altered from 14% to 17%


Standard Chartered

announce that on and after 19th November, 1979 the following annual rates will apply:

Base rate 17%
(Increased from 14%)

Deposit rate (basic) 15%
(Increased from 11½%)





Co-operative Bank

With effect from 16th November, 1979 the following rates will apply

Base Rate Change

From 14% to 17% p.a.

Also:


7 Day Deposit Accounts 15% p.a.
 1 Month Deposit Accounts 15½%

Barclays Bank Base Rate


Barclays Bank Limited and Barclays Bank International Limited announce that with effect from the close of business on 16th November, 1979, their Base Rate will be increased from 14% to 17% per annum.

The basic interest rate for deposits will be increased from 12% to 15% per annum.

The new rate applies also to Barclays Bank Trust Company Limited



Reg. Office: 54 Lombard Street, EC3P 3AH Reg. No's 26899, 26880 and 26881.




Lloyds Bank Interest Rates

Lloyds Bank Limited has increased its Base Rate from 14% to 17% p.a. with effect from Monday 19th November 1979.

The rate of interest on 7-day-notice Deposit accounts and Savings Bank accounts is increased from 11½% to 15% p.a.

The change in Base Rate and Deposit account interest will also be applied from the same date by the United Kingdom branches of

Lloyds Bank International Limited
The National Bank of New Zealand Limited
 and by
Lewis's Bank Limited



UK NEWS

LABOUR NEWS

After the rise in MLR, the public sector squeeze . . .

State board cash limits published

BY ANATOLE KALETSKY

THE GOVERNMENT broke with tradition in publishing cash limits for the nationalised industries yesterday. This accorded with the wishes of the State corporations' chairmen. Cash limits are normally agreed between the Government and the corporations at the time of the April Budget, when the industries' capital investment plans have "firmed up" and outcome of wage negotiations is fairly clear.

impose wage norms on the private or the public sector. It has limited each corporation's access to external funds and left it to management to determine whether the money is spent on wages, current expenditure or investment. The hope is that market forces will restrain price increases so that managements can confront their unions with a stark choice between higher wages and essential investment in their industries.

NATIONALISED INDUSTRIES' EXTERNAL FINANCING LIMITS. Table with columns for 1980-81 and 1979-80, listing various industries like National Coal Board, Electricity Council, etc.

Curbs a necessary correction—Joseph

FINANCIAL TIMES REPORTER

THIS WEEK'S Government measures were described by Sir Keith Joseph, Secretary of State for Industry, yesterday as painful but necessary. He said at Bradford that they were a necessary correction to ease off this country's main barriers to progress, the trend of inflation.

Heseltine plan for rates penalises overspenders

BY PAUL TAYLOR

CENTRAL GOVERNMENT will take much tighter control from April 1981 of overall local authority expenditure—and the level of rates increase. In announcing the rate support grant for 1980/81—the system by which the taxpayer subsidises local authority spending—Mr. Michael Heseltine, Environment Secretary, made it clear that the Government could no longer allow councils to flout the Government's economic policy by overspending.

Silkin warning on jobless

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE RECORD 17 per cent minimum lending rate will mean higher unemployment and lower social security and unemployment benefits, Mr. John Silkin, Labour Industry spokesman, said in Glasgow yesterday. There was a limit to how long the Government could go on increasing interest rates as a way of trying to contain the growth in the money supply, Mr. Silkin said.

Ariel to keep working 'at least until March'

BY CHRISTINE MOIR

ARIEL, the computerised share dealing system set up by the accepting houses as an alternative to the Stock Exchange, is to continue in operation "at least until the end of March," Mr. Charles Clay, the chairman, said yesterday. At a meeting of the Accepting Houses Committee following the annual meeting of ARIEL, it was decided not to close the system down in January but to keep it running for the rest of ARIEL's financial year. At that point, its future will again be reviewed.

Penalties

The Government wanted to introduce a new system for the next financial year but this has not been possible, largely for practical reasons. So Mr. Heseltine has introduced special "transitional arrangements" that will allow him to penalise individual local authorities which increase rates above a "notional uniform rate," yet to be announced. He will do this by reducing the additional grant paid to cover pay and price inflation.

Speculative BNOC rig sold

By Ray Daffer, Energy Editor

BRITISH NATIONAL OIL Corporation and the Scottish Oil Co. have sold an offshore drilling rig ordered, on a speculative basis, from a Scottish yard to safeguard employment. The sale price is thought to be more than £15m. St. Vincent Drilling, jointly owned by BNOC and the Scottish Oil Co., said yesterday that the self-elevating drilling rig was bought by Salspex AG of Zurich.

Pym house must stay—Heseltine

By James McDonald

MR. MICHAEL HESELTINE, Secretary for the Environment, has refused consent for demolition of Hazell's Hall, Sandy, Bedfordshire, owned by Mr. Francis Pym, Secretary for Defence. A spokesman for the Environment Ministry said last night that Hazell's Hall was a listed building, graded two star, under the Town and Country Planning Act 1971. It had been necessary for the Secretary for the Environment to make a decision on the building's future.

GEC plant to lose 200 jobs

MORE REDUNDANCIES on Merseyside were announced yesterday. About 200 jobs will go at the GEC English Electric domestic appliances plant on the East Lancashire Road at Liverpool between April and July next year.

Nott upholds Laker ticket system

BY LYNTON McLAIN

LAKER AIRWAYS can continue to sell tickets in advance for its London to Los Angeles Skytrain. British Caledonian Airways has lost its appeal against the Civil Aviation Authority's decision to allow Laker to do so. Mr. John Nott, the Trade Secretary, said yesterday there was "compelling evidence" that greater flexibility was necessary to enable Laker to meet the severe competition which had developed on the route.

Importing coal 'no long-term answer'

BY MARTIN DICKSON

BRITAIN COULD NOT depend on imported coal from countries such as Australia, South Africa and the U.S. to help meet its long-term energy needs, a senior official of the National Coal Board said yesterday. Mr. Michael Parker, director of the board's central planning unit, was giving evidence on the 12th day of the public inquiry into the NCB's plan for a major deep mine development in the vale of Belvoir in Leicestershire. Questioned by counsel for Melton borough council, which is opposed to the plan, Mr. Parker acknowledged that while last year NCB coal cost just over £24 a tonne to produce, Australian coal shipped to Europe was costing between £25 and £10 a tonne less. U.S. coal also had a significant price edge.

Output down in third quarter

BY DAVID MARSH

ECONOMIC OUTPUT fell sharply from the second to the third quarter, largely because of a drop in industrial production as a result of the engineering dispute. Gross domestic product, based on output data, fell by 2 per cent on a seasonally adjusted basis, to about the same level as the third quarter last year, according to preliminary figures issued yesterday by the Central Statistical Office.

GROSS DOMESTIC PRODUCT. Table with columns for 1974, 1975, 1976, 1977, 1978, 1979 (1st, 2nd, 3rd quarters). Shows a decline in 1979 Q3.

Tory plan 'would force unions to break the law'

BY GARETH GRIFFITHS, LABOUR STAFF

THE GOVERNMENT'S proposals for reforming industrial relations law would take the teeth out of the trade union movement and make "criminals out of good people," Sir John Boyd, general secretary of the Amalgamated Union of Engineering Workers' Union said yesterday. Changes in the law confining picketing to the original disputes and to employees' own place of work would take away one of the basic aims of trade unionism of helping fellow workers. "People help each other in time of trouble and if this legislation goes through, it is going to take one of the main justifications for unions existing at all from some unions," he said.

Disruption of BBC programmes 'likely'

BY GARETH GRIFFITHS, LABOUR STAFF

BBC TELEVISION programmes are likely to be disrupted in the next couple of days because of action by members of the Association of Broadcasting Staff over regrading. Both sides met officials from the Advisory, Conciliation and Arbitration Service yesterday for separate briefings. ACAS is hoping to arrange a joint meeting early next week, but officials said there seemed little scope for conciliation. The dispute arose from a BBC decision to suspend staff regradings from November 5. About 1,000 regrading claims were outstanding, and the BBC says it would take two years to process them.

Think again says British Oxygen

By Gareth Griffiths, Labour Staff

BRITISH OXYGEN said yesterday it hoped the Transport and General Workers' Union would reconsider a work-to-rule and overtime ban by more than 3,000 manual workers in its industrial gases division. The overtime ban is due to start on Monday and to be followed by an all-out strike from January 7 in support of a wage claim of more than 20 per cent. BOC said the action would hurt everyone—the company and the individual.

Evening News hit by dispute

By Our Labour Correspondent

THE LONDON Evening News failed to appear yesterday because of a dispute over its colour supplement, which was due to appear for the first time. Members of the National Graphical Association in the composing room are demanding compensation because the magazine is being produced by outside printers. London regional officials of the NGA failed to persuade the men to return to normal working, pending negotiations. Mr. Les Dixon, NGA president, is expected to make a personal attempt to persuade the men to work normally on Monday.

Unions to meet on plan for job cut at Linwood

By Arthur Smith, Midlands Correspondent

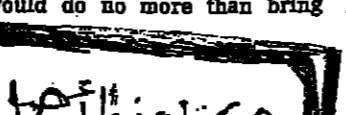
UNION LEADERS from Chrysler UK's Linwood plant, Scotland, will report to a mass meeting next week on management talks yesterday about plans to cut the night shift and make 1,250 workers redundant. The unions were urging short-time working as an alternative to sackings. Management argued that this move was prompted not by short-term market fluctuations but the need to make Linwood profitable. Chrysler, now owned by Peugeot-Citroen, is seeking a 25 per cent improvement in productivity throughout its UK operations. Linwood assembles the Avenger and Sunbeam models.

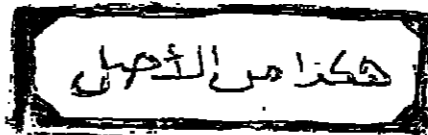
MPs' phone bill rises

THE HOUSE OF Commons telephone bill for July, August and September totalled £160,893 compared with £139,797 for the previous quarter.

'Poison' village reports ready

RESIDENTS in the poison-scarc Somerset village of Shiphham are soon to receive individual reports on the cadmium and lead levels in their garden soils.





The Day of Judgment

THERE WAS something almost surreal about this week's financial events. Thursday, everyone knew, was going to be the Day of Judgment for the breakdown in monetary controls in the autumn. It was obvious that something would have to be done to counter the announcement that day of a dreadful set of money supply figures for Banking October.

In the City, the discount houses have been quealing in the last few days, but there have been quiet smiles on the faces of clearing bankers. Until

LONDON ONLOOKER

quite recently, it was widely assumed that their profits next year had nowhere to go but down after what seems likely to be a very strong performance in 1979. Thanks to the rise in interest rates, however, the clearers' profits outlook has improved significantly.

Super Shell

Half concealed behind the labyrinthine accounting procedures of Royal Dutch/Shell lies a buoyant third quarter trading performance. Under-

8 per cent is a good percentage point above the sector average.

The apple-cart could of course be upset by supply failures (in which event BP's Sohio holdings would be transformed into gold-dust) but that, to the frustration of the forecasters, is in the lap of the Ayatollahs.

Sluggish Boots

The share price of Boots has been weak against the market since the beginning of 1978 and the latest half-time figures, showing a small slip in profits from £51m to £50.5m, offer little immediate hope of a reversal of this trend.

The second half of the current year should look quite respectable against a period badly affected by last winter's particular problems, and market estimates are pitched around £120m pre-tax for the year against £113m.

The question for the market now is whether the manufacturing division will provide the impetus to carry profits upwards at a more aggressive pace beyond the year end.

The "Brufen" anti-rheumatic drug has now reached maturity in terms of market penetration and margins have come under pressure, so the hope for the future must be the newer "Froben" drug, introduced a couple of years ago.

a long way to go—Brufen could have chipped in between £15m and £20m to profit in its peak year.

Composite results

The composite insurance sector has been one of the few bright spots in this week's market, thanks to some slightly better than expected nine-month figures from the three U.S.-orientated composites—Commercial Union, General Accident and Royal.

While the result of the U.S. domestic insurers showed that the insurance cycle in that country is deteriorating, CU and GA bucked that trend with an underwriting profit in the third quarter, despite the impact of hurricanes David and Frederick. Royal was more in line with other U.S. results.

The results from the UK were very good as expected when everything in the third quarter—weather, motoring restrictions—were in favour of the insurance companies. CU and Royal went back into profit and have almost caught up the effects of the winter's weather in the first quarter. GA managed to reduce its UK losses but these still remain heavy.

Elsewhere Royal managed to achieve the near-impossible by recording an underwriting profit in Holland, but the Canadian and Australian markets remain very competitive and losses are piling up.

The market is still expecting the U.S. cycle to continue downwards in 1980. But the higher interest rates available in both the UK and U.S. should lead to rapidly rising investment income to offset the underwriting losses. If the coming winter on both sides of the

MARKET HIGHLIGHTS OF THE WEEK

Table with columns: Ind. Ord. Index, Price Y'day, Change on Week, 1979 High, 1979 Low, and various market indicators like Govt. Secs. Index, Antofagasta Railway, etc.

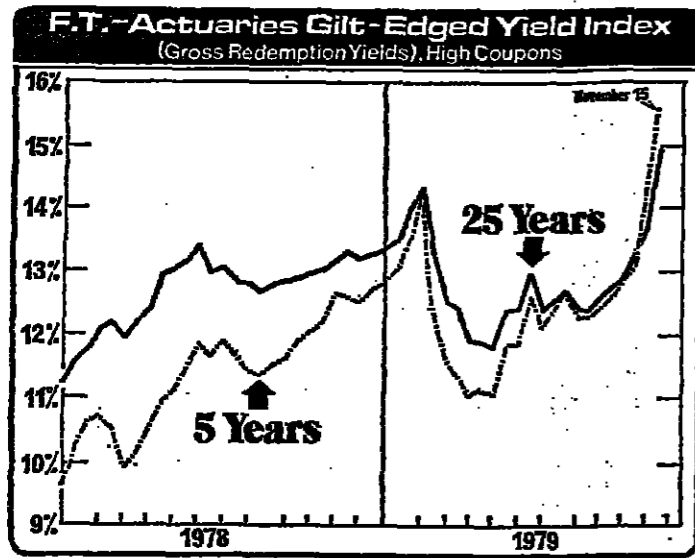
U.K. INDICES

Table with columns: Average week to, Nov. 16, Nov. 9, Nov. 2

Table titled FINANCIAL TIMES with columns for Govt. Secs., Fixed Interest, Indust. Ord., Gold Mines, and T'l. bargain.

FT ACTUARIES

Table with columns for Capital Gds., Consumer (Durable), Cont. (Non-Durable), Inds. Group, 500-Share, Financial Grp., All-Share, and Red. Debs.



did a quick piece of paper shuffling with Petroleum Revenue Tax to bring this year's Public Sector Borrowing Requirement back to the original Budget ceiling. At the same time, down on Throgmorton Street, there was a loud gurgling noise as the Government Broker turned on the taps many times before. The trouble is that the medicine gets nastier every time and still shows no sign of providing a lasting cure.

lying earnings were £426m, compared with £315m a year earlier, confounding the forecast analysts were making a few months ago.

One leading oil analyst was looking for 1979 net income of £1.9bn in May this year—and is now expecting £2.5bn. Other broking firms are forecasting even more. The overriding reason for the surge in oil company earnings this year has been spiralling oil prices.

Shell, with its particular strength in down-stream activities, has benefited less from this than, say, BP and has underperformed the oil sector in consequence. Nonetheless, even marketing has been causing a few surprises.

The much-trumpeted recession has been slower to arrive than expected and strategic stocks are still being built up at a healthy rate.

A fairy tale for Wall Street

ONCE UPON a time there was a little boy in downtown New York who was scared of nothing. Except that is, he was scared of bad dreams.

NEW YORK IAN HARGREAVES

ing he awoke in a panic and said to his mama, "I'm gonna be eaten by a bear, Mom, I'm real scared."

"Don't worry, it was only a bad dream. The bear wasn't real," she said, and after a few days the little boy stopped worrying.

A few days after that he was walking home through Central Park when a grizzly bear blocked his path. "I'm real scared of nothing," he said and the bear ate him whole.

The little boy, of course, since he appears in this column is the New York Stock Exchange. At the beginning of last week the market, alive with rumours that Iran would cut off oil supplies to the U.S., ran for cover and in three days wiped more than 20 points off the Dow Jones Industrial Index of thirty shares, taking it for a period below the barrier and to its lowest level of the year.

On Monday of this week the rumours became fact and within minutes of each other President Carter and Ayatollah Khomeini imposed an oil blockade on each other. The market, responding to this "show of presidential strength" as the leader writers put it, surged up a remarkable 15.45 points.

More can be learned about the American psychology in foreign affairs and presidential politics from this incident than about the performance of the U.S. economy or the major companies whose shares are traded on Wall Street.

Two points of interest have, however, emerged during the week. First is that the market is taking the view that the Iranian row is good for oil stocks on the argument that oil prices inflation will be fuelled and that the big oil companies will benefit from the appreciated value of their domestic oil reserves, currently supplying 55 per cent of the country's needs.

Some also feel that the Iranian blockade will finally jolt America and the rest of the developed world into more sustained efforts at energy conservation.

This strength in oil stocks is, incidentally, the main reason why the composite index of the smaller American Stock Exchange has shown steady improvement in recent days, avoiding some of the splitters backwards of the Dow, which is based only on New York SE trades. The American composite is dominated by the stocks of smaller oil companies and oil service operations.

A more general point is the growing acceptance in the U.S. that double digit inflation is still a long way from being beaten, in spite of the Volcker package, principally because of unpredictable energy costs.

This inflation psychology is naturally having the effect of improving sentiment about companies with any kind of natural resource interest, whether it be sugar or oil.

There was also continued bad news from the car industry, where sales are still falling and Ford is predicting a \$1bn loss on car and truck operations this year and next.

At one point in the week Chrysler's stock price was at its lowest level since 1942. With the latest indications for car sales that troubled company must be beginning to wish it could run across a grizzly with corporate size digestive ability.

Table with columns: Monday, Tuesday, Wednesday, Thursday, Close, Change

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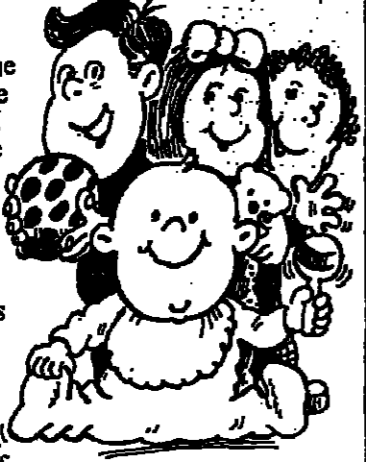
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FINANCE AND THE FAMILY

Covenants for grandchildren

BY OUR LEGAL STAFF

Could you advise me on "do it yourself" covenants for grandchildren? What is the procedure for tax reclaim? Must a solicitor or accountant be involved?

A form of covenant can be found in precedent books which you should be able to obtain in your library. Potter and Mumroe's Tax Planning, Eighth Edition, should suffice for your purpose. You should furnish your own Inspector of Taxes with a photocopy of the deed when it has been executed. Similarly the refund claim should be made by the father to his Inspector of Taxes. It is not essential for a solicitor or an accountant to be retained.

UK tax on service pension

With reference to your reply under "Resident in UK and Spain, I am at present resident in Iran, but am intending to retire to Spain. I draw an RAF pension, which is taxed in the UK, unlike any other source of my income. Will my change of residence enable me to avoid paying so much tax?

The way in which your RAF pension is taxed is the normal way of calculating the UK tax liabilities of non-resident Commonwealth citizens (and certain other people) who derive income from the UK and live in a country with no comprehensive double taxation agreement with the UK. In fact, when you retire to Spain (assuming the rules remain unchanged) your RAF pension will still be taxed in the UK in the same way, unless you acquire Spanish citizenship. If you do acquire Spanish citizenship, the

pension will be exempt from UK tax, but otherwise it will be exempt from Spanish tax, by virtue of article 19(3) of the current double taxation convention.

Guaranteed income bonds

As regards guaranteed income bonds, can you tell me please what safeguards small investors have against company insolvency? Does the Policyholders Protection Act apply? Provided the investor is a policy holder and the issuing company is an authorised insurance company, i.e. permitted by Section 2 of the Insurance Companies Act 1974 to carry on insurance business in Great Britain, a claim for compensation under Section 8 of the Policyholders Protection Act 1975 should be maintainable.

Liability of church council

If a parochial church council authorises certain work to a church in the hope and expectation that sufficient funds will be forthcoming, whether as a result of an appeal or otherwise, and if in fact sufficient money is not raised, what is the position of the individual council members? Do they become personally liable, and, if so, is there any way they can guard against this when authorising work to be done?

If the council contracts for the work to be done it will be liable to the builders with whom it contracts; similarly if one or more of its members contract

individually, they would be liable as individuals. If the council itself has insufficient funds it might be possible to claim against individual councillors, but this would depend on the construction of the contract in question.

Protection for sub-tenant

I am lodging with an elderly lady who rents the house. She is thinking of leaving. Could she hand over her tenancy to me? I understand the landlord would like to sell the house with vacant possession. If the lady with whom you lodge has granted, or grants, you a subtenancy, and if there is no restriction on subletting in her lease, you would be protected as against her landlord if she gives up her tenancy. Otherwise it seems that you would have no right to remain once the present tenant surrenders her tenancy.

Constitution of rent

In connection with tenants who pay rents so low as not to have the protection of the Rent Acts, what, please, constitutes rent? What about standing charges and rates? Service charges (e.g. gas/elec-

tricity standing charges) are NOT included, but rates are where the rent is an inclusive rent. If a rent is reserved exclusive of rates, the tenant cannot seek to bring the letting into the Rent Act protection because he pays rates which, if reserved as rent, would have brought it into protection.

Use of right of way

A right of way over my neighbour's private drive, which I also use, was given to a previous owner of the neighbouring land in a deed in which he was named. In fact, he never used it. Now the new owner of the land has applied for outline planning approval for two properties with access onto the drive. Is his claim for access valid?

As a dominant owner you have no right to object to any excessive user of the way which does not actually obstruct your use. The owner of the road is the only person who may, and it would require a careful examination of his title deeds to learn whether he can do so effectively. He should consult a solicitor. Normally the fact that the right of way was given to a named person will not prevent its being exercised by whoever is the owner for the time being of the dominant land.

Isle of Man domicile

Regarding your Isle of Man correspondent of October 13 and his query as to whether he will be liable for UK tax if he buys a holiday home in the UK. As I understand the position one can never be domiciled in the Isle of Man in the eyes of the UK Inland Revenue. If one settled there after 1974, hence, theoretically, at least, all those who have settled in the Isle of Man after 1974 are liable to full UK tax rates. Of course, if one takes all one's assets to the Isle of Man, there will be little likelihood of the UK Inland Revenue being interested. Conversely if your correspondent were to make "a bed" in the UK again, he may be assessed by the Inland Revenue on the whole of his income and he would certainly come in for the full gamut of CIT. Do you not agree?

What you have in mind is section 41 of the Finance Act 1975. However, that section only applies "for the purposes of this Part of this Act" namely Part III, which relates solely to CIT, and it does not affect a taxpayer's liability to UK income tax or CGT, or his or her domicile for general purposes. Incidentally, the converse situation may arise (e.g. English domicile for general purposes, but overseas deemed domicile for UK income tax and CGT purposes) under article 4 (4) of the UK-U.S. double taxation convention of December 31, 1975, as amended in 1977, with effect from April 6, 1976.

The reader's question published on October 15 did not, of course, include any reference to CIT. The word "probably" in our reply was merely a gentle caveat against his assumption that he had acquired a Manx domicile of choice (some 15 years ago), but there was nothing in the unpublished part of his letter to suggest that he was mistaken.

Capital gains and losses

With reference to some of your recent replies on capital gains and losses, I submitted my calculations to my tax inspector on the lines suggested and he replied, "I regret that under the provisions of Section 112 Finance Act 1972 any unused losses of a previous year must first be used against the gains arising in a later year before the allowance of the tax credit due on the disposal of the qualifying unit trusts." What please, is your comment on this? You are for from the first reader to be told that losses can-

not leapfrog gains (as a general principle), without being given any reasoned argument to support that statement. We can fairly say that none of the arguments which we have seen advanced by tax inspectors who share the view of your own inspector has impressed us as likely to be upheld by the Special Commissioners or the courts. Your inspector's view is apparently shared by his colleague at Somerset House (although we have not seen any detailed argument from that quarter), but it is not shared by some of his colleagues in other tax offices, we gather, who have agreed to leapfrogging without demur.

New challenges, old habits

MINING
PAUL CHEESERIGHT

SOON the UK investor's freedom will be complete. As the Zimbabwe Rhodesia talks moved forward at Lancaster House this week, it looked as if the one area still covered by exchange controls would shortly be open for portfolio investment.

An end to the illegal independence of Rhodesia and steps towards the legal independence of Zimbabwe would bring in their train a resumption of normal financial contacts between Salisbury and London. All those dividends paid into frozen bank accounts would be freed. Rhodesian mining stocks, still quoted in London, could be traded without let or hindrance.

And there should be considerable opportunities for both direct and portfolio investment. Zimbabwe Rhodesia is rich in minerals. The value of production last year at R252.2m (£178.3m) is a foretaste of what the industry could earn given an inflow of capital.

Wankle Colliery, the Anglo American Corporation coal producer, is a case in point. Sir Keith Acutt, the chairman, noted that the company had a major expansion plan, but the capital costs involved are "very much in excess of our present resources."

But the possibilities extend beyond energy minerals. Recent production statistics are unavailable, but, at least, before the Unilateral Declaration of Independence in 1965, Rhodesia was the western world's second largest producer of chrome, the third largest producer of asbestos and the fourth largest producer of gold. There are also reserves of copper and nickel and small deposits of antimony, emeralds, tungsten and tin.

Yet, if past performance is any guide, there will be no London stampede to invest in stocks like Foleen Mines, MTD Mangula, Coronation Syndicate or indeed Wankle Colliery.

commonplace 14 years ago. Short of any sharp change in London habits, it may take some time before any strong interest in the new possibilities is kindled.

On the face of it, of course, the recent dullness of the London industrial market might have made overseas stocks seem more attractive. After all the gold price has remained at a high level and there has been no lack of activity on the Australian mining scene.

In fact, gold shares have moved unceremoniously this week and Australian reports suggest that UK funds have been leaving the Australian market and have been funnelled back to London to take advantage of high interest rates.

On a weakening Sydney market the bright spots have come from stocks in special situations—those involved in the unravelling of the takeover bids for BH South, for example.

Conzinc Riotinto of Australia's bid was formally withdrawn, giving the field to Western Mining Corporation. CRA meanwhile is buying some of the BH South assets from Western Mining and supplementing them with additional stakes in the relevant companies to be purchased from North Broken Hill.

Such moves point to a greater degree of concentration in the Australian mining industry. This may be no bad thing in view of the industry's future capital requirements.

Mr Douglas Anthony, the Trade and Resources Minister, told Parliament in Canberra this week that Australia needed tremendous capital investment and it was doubtful whether the necessary funds could be accumulated in the country.

Large groups with secure assets will obviously be able to tap the international capital markets more readily than small, unknown companies. But this is not to say the days of the Canadian companies, as the independent entrepreneurs, are passing.

form the basis of new Australian industry.

He offered his vision to the public again this week when he announced that he had secured his lease over the huge Marandoo iron ore deposit for a further five years with a new agreement signed by the Western Australia State Government. He could offer a package, he said—Marandoo iron ore, Kevin's Corner coal from Queensland and manganese from Balfour Downes, also in Western Australia.

At Marandoo and Balfour Downes he is in partnership with Texasgulf, the U.S. group, and at Kevin's Corner he is working with LKAB of Sweden. But it looks as if best chance for a new mine in the near future is at Kevin's Corner.

Australia is expecting a surge in energy exports over the next few years and Kevin's Corner might be expected to share in this. But Marandoo depends at least in part on long-term sales contracts with the Japanese steel industry.

Texasgulf has noted that the Japanese are putting off deci-

sions about their involvement in new ventures. But there could be some pronouncement next spring about the merits of Marandoo relative to other deposits in the area competing for Japanese involvement.

Texasgulf also seems less sanguine about Balfour Downes manganese than Mr Hancock. It pointed out this week that the deposit is remote and that while it had potential it was not something to be excited about at the moment.

South Africa, meanwhile remains the western world's major producer of manganese. In the early part of the year especially, manganese took part in a sales boom for South African minerals that has put the industry's export earnings on line for another record.

In the latest monthly report from the Chamber of Mines, Mr. Dennis Etheredge, the president, said that mineral export earnings this year are likely to reach R9bn (£5.08bn), or 30 per cent more than in 1978. This would be the fourth successive record year.



Ore crushing at the Rio Tinto-Zinc Group's Hamersley Iron operation in Western Australia. Every tonne produced means a royalty payment to Mr. Lang Hancock.



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Additional Information
Applications will not be acknowledged but certificates will be issued within four weeks of the close of this offer. Current offer and bid prices and estimated gross yields are published daily in the financial press. The Managers pay a commission to approved agents. When unitholders wish to sell units they should complete the form of resignation on the reverse of the unit certificate and forward the document to the Managers. Units will be repurchased at the bid price minus a 1% charge of receipt and settlement will be effected within a few days. Distribution of net income will be made half-yearly on 24th July and 24th January. The first distribution will be made on 24th July 1980. An interim report will be issued with the July distribution and a full Managers' report including income and capital accounts will be sent with the January distribution. Unitholders who wish to have their net income reinvested in additional units can do so by ticking the appropriate box on the application form. The offer price of units includes an initial management charge of 5%. Thereafter the annual service charge of 3.75% (plus V.A.T.) per £100 of the value of the trust is deducted from the gross income of the Trust. The Trustee is Lloyd's Bank Limited. Tower Special Situations Trust is a "wider range" trustee investment, and an authorised unit trust. This offer is not available to residents of the Republic of Ireland. The Directors of the Managers are: B. Banks (Chairman); S. J. Fazzelli; J. A. Nicholls; R. Porter; G. N. Bancroft; N. M. B. Stiles.

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Tower Special Situations Trust

مكتبة من النسخ

YOUR SAVINGS AND INVESTMENTS 1

هكذا من العمل

The Government made industry squeal this week by raising Minimum Lending Rate to 17% but, as Tim Dickson explains, there is still some comfort for savers

Take advantage of these attractive new returns

IF A three-point jump in Minimum Lending Rate to a record 17 per cent spreads gloom and despondency in most places, one important silver lining lies in the improved returns to new savers.

This may not be much comfort to anyone who recently bought short-dated gilts or who is locked in to a guaranteed income bond. But higher rates in the market are at least forcing those big institutions who borrow from the public to give their depositors a fairer crack of the whip.



With inflation now running at an annual rate of 17.2 per cent and rising, the increased yields still do not represent a real return. But they are at least a welcome improvement at a time when rising prices are making it more difficult than ever to protect the value of your capital.

The Government, meanwhile, is hoping this new level of interest rates will finally induce the credit crunch required to

control the money supply. This, they believe, will start to reduce the rate of inflation, signs of which should then allow interest rates to come down. If the Government is right, savers should take full advantage of the opportunities now.

The interest rate chess board was initially thrown into confusion after Thursday's measures. Even by the weekend a number of expected moves had not taken place. For

example, the most interesting contrast in the accompanying table is the way banks now offer a considerably more attractive home for your money than building societies.

Although the building societies could hold on into next year in the hope that minimum Lending Rate will quickly come down, the emergency meeting of their association which has been called for next week suggests that some changes may

have to be made well before then.

The problem is that societies have only recently posted rate increases to borrowers and will therefore be extremely reluctant to repeat the whole process again.

The new Government package also helps the National Savings instruments to show up well against rival investments. But elsewhere in the table, the figures shown will probably be changed by events early next week.

The coupon on the yearling bond, for instance, will surely go up on Tuesday while the situation is still so confused that rates on the local authority over the counter market (where you can invest as little as £200) have yet to crystallise.

Similarly at UDT, where the interest on deposits fluctuates each week, the vote is always a guaranteed half a point above local authority money market rates and as such is also bound to be more attractive when reviewed on Monday.

	nil	Your Tax Rate	30	40	60
BANKS					
7 day deposit	15	10.5	9	6	
3 months deposit	16.56	11.59	9.94	6.62	
1 year deposit	15.06	10.54	9.04	6.02	
BUILDING SOCIETIES					
Ordinary shares	8.75	8.75	7.5	5.0	
Term—two years	9.25	9.25	7.93	5.29	
—three years	9.75	9.75	8.34	5.57	
—four years	10.25	10.25	8.79	5.86	
—five years	10.75	10.75	9.21	6.14	
LOCAL AUTHORITIES					
Yearling bond	15	10.5	9	6	
NATIONAL SAVINGS					
Investment account	15	10.5	9	5	
5 year certificates	10.33	10.33	10.33	10.33	
FINANCE HOUSES					
UDT Average rate deposits	14.88	10.42	8.93	5.95	

How to soften the building society blow

	11½%	12½%	15%
£10,000	£104.50	£110	£128.90
£15,000	£156.75	£165	£193.35
£20,000	£209	£220	£257.80
£25,000	£261.25	£275	£322.25

IF PAST performance is anything to go by, you will wake up on New Year's Day nursing a sore head and facing the prospect of higher monthly mortgage repayments.

But is it necessary? Given the present economic gloom, the answer to the first part is probably "yes." But what about the second?

Higher mortgage payments can be averted—in spite of the inevitable New Year rise in the cost of a mortgage from 11½ per cent to 12½ per cent. In the long term you cannot avoid paying more but in the short term you can soften the blow of the increase by lengthening the term of your loan.

In this way, you still pay more interest, but because the loan is spread over a greater number of years, the capital content of your monthly repayments can be reduced.

There are two important exceptions to this general rule.



Mr. Stanley Walker

points out, people could buy things like consumer goods, which continue to rise in price. Moreover, by extending the life of a loan, individuals will be repaying in a devalued currency as inflation takes its toll on the pound.

Mr. Bob Rendell, secretary of Abbey National, points out that those in financial difficulties can ask their branch manager to increase the term of their mortgage. "In the past roughly one out of every five borrowers has taken this route," he says.

"Most people, however, find that as their earnings increase their mortgage becomes less and less of a burden. The other point is that anyone with only a few years to go tends to be anxious to pay off the remainder of their loan as quickly as possible."

Mr. Joe Bradley, of Nationwide, reports that most of their clients increase their payments when the rate goes up and as many as 60-70 per cent do not bother to reduce them when the mortgage rate comes down.

Mr. Bradley estimates that the January increase to 12½ per cent will push the proportion of his members' net income accounted for by mortgage repayments up to 21 per cent. This will still be below the peak of 22-23 per cent reached in 1973.

HOME LOANS

TIM DICKSON
ANDREW TAYLOR

If you have an endowment mortgage, where the repayment of the capital is linked to an insurance policy, there is no scope for avoiding higher monthly outgoings. And if you are already on the full original term, your chances of alleviating the pain are decidedly slim.

Building societies, needless to say, would not be filled with the festive spirit if everybody decided to take this way out.

The societies are anxious to recover as much capital as possible in order to boost new advances and satisfy the perennially strong demand for home ownership.

Although previous experience suggests that most people nevertheless elect to pay up, the degree of enthusiasm will vary from society to society. But all of them should give you the option, Stanley Walker, chief general manager of the Leeds, is one building society leader who is happy to promote the idea. "I cannot understand why more borrowers have not taken advantage of opportunities to extend the life of a loan rather than accept increased monthly repayments."

By taking the immediate advantage of the extra cash, he

The action day by day

MONDAY. Mrs. Thatcher promises "whatever action is necessary to contain the growth of money supply." Brown Shipley posts a base rate of 15½ per cent.

TUESDAY. NatWest's base rate rises 1½ points to 15½ per cent. Three month interbank rate approaches 16 per cent.

WEDNESDAY. Financial markets braced for a rise in Minimum Lending Rate to at least 15½ or 16 per cent. Expected on Thursday, to coincide with dreadful money supply statistics for banking October. Three-month interbank rate over 16 per cent.

THURSDAY. Minimum Lending Rate rises a full three points to 17 per cent. Chancellor announces that the target range for monetary growth will be extended over the coming year. Collection of Petroleum Revenue Tax brought forward to keep Public Sector Borrowing within the Budget ceiling. New £1bn gilt edged stock announced. Improvement in terms for National Savings.

"granny bonds" as they are known) are available only to women who are at least 60 and men who are at least 65. They have to be held for at least one year to get the index linked returns (these are added monthly), while a bonus of four per cent is earned if the cert-

to suspect that things will change much in the next five years.

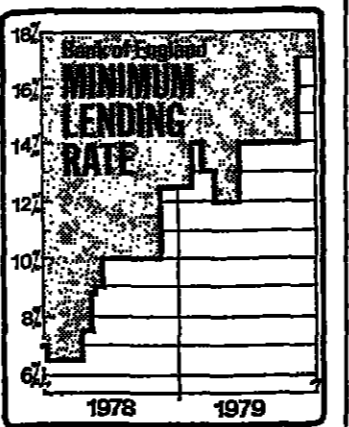
The retirement issue is held by 1.7m people, who between them have invested £948.9m or £1.2bn if you add in the interest.

Thursday's measures, while badly needed for survival in the new climate of high interest rates, should give a boost to the total net National Savings intake. Against the annual average of between £1bn and £1.2bn over the last five years, the £330m for the first seven months of 1979 looks disappointing so far.

One final question. Is the Government taking advantage of its position and offering returns to savers which its competitors cannot match?

The man from the Ministry ruefully observes: "As far as rates are concerned we are on a hiding to nothing. When we are uncompetitive—which some claim we are by offering a total return of only 8½ per cent on Premium Bonds—we are accused of not giving savers a fair crack of the whip. What should not be forgotten is that National Savings indirectly helps everybody by helping fund the public sector deficit."

Resolving this dilemma is hardly, perhaps, the most important issue: take advantage of the new returns while the going is good. They may not last for long.



NATIONAL SAVINGS—CHANGES AT A GLANCE

- Investment Accounts—rate up 2½ per cent to 15 per cent. From January 1.
- Savings Certificates—new 19th issue giving 10.33 per cent tax free return over five years (equivalent to 14.75 per cent for basic rate taxpayer); 18th issue suspended.
- Retirement Issue—maximum holding up from £700 to £1,200 from December 3.

One Year High Income Bond
16% p.a. tax free guaranteed for 1 year (£1,000 min)
Equivalent to 22.8% gross to basic taxpayers
Information from Property, Equity & Life Assurance Co. Ltd.
119 Crawford Street, London W1H 2AS. Telephone 01-486 0857.

One of the major developments this week was a new deal from National Savings

A timely three-pronged attack

GOVERNMENTS are not often given to generosity—but Thursday's package of higher returns from the Department of National Savings (announced by Sir Geoffrey Howe, the Chancellor of the Exchequer, in Parliament) is enticing.

Already more than half the UK population has some link with National Savings. By making these changes, the

and will increase in value to £16.35 tax free over five years, which works out at an overall compound interest rate of 10.33 per cent a year tax free, or the equivalent of 14.75 per cent to a basic rate taxpayer.

This return compares with 8.45 per cent tax free on the 18th issue, or the equivalent of 12.07 per cent for anyone on basic rate tax.

But the new issue is not only more attractive than its predecessor. Assuming the Government's short term economic policy works out and interest rates start falling quickly, a five year return of 14.75 per cent (or more for high rate taxpayers) could prove extremely good value come February next year.

The maximum holding of the new issue will be £1,500 per person but anybody who wishes to transfer their savings from the 18th issue, announced only in January, will suffer a penalty. If it is held for less than a year investors will only get their money back. If they hold on for more than a year, the return on cash-in will only be 5 per cent.

The third measure Sir Geoffrey announced was an increase in the permitted holding of the National Savings Certificates index linked retirement issue from £700 to £1,200. These have proved highly popular and

INVESTMENT

TIM DICKSON

authorities no doubt calculate that for the moment they can retain this loyalty and sign up some new followers.

Take the new investment account rate of 15 per cent, up 2½ points from what was already a record level. This is now well ahead of the building society deposit rate of 8.75 per cent net (equivalent to a gross rate of 12½ per cent for a basic rate taxpayer) and still highly competitive with the clearers after yesterday's increase in the banks rates.

Next, there is the new National Savings Certificates 19th issue, due to go on sale in February when the 18th issue will be suspended.

The new issue will cost £10

CORRECTION NOTICE

Amendment to Investment Trust Table published 16th November, 1979. Valuation Monthly. Schroder Waggs Group, Continental and Industrial Trust. Col. 1 should read 50.4, Col. 6 should read 268.2, Col. 7 should read 278.6.

"London Life... is one of the most competitive offices in the business."
THE SUNDAY TELEGRAPH
18 Feb, 1979

"London Life's investment performance... shows it has been getting its sums right in recent years."
THE FINANCIAL TIMES
24 March, 1979

"London Life... is entering the unit-linked assurance field. Although the company's protection policies are extremely competitive, its unit-linked contracts have been firmly designed as investment vehicles."
THE OBSERVER
23 March, 1979

Financial specialists of the press consistently rate London Life highly. Independent surveys in the Economist, Money Management and Planned Savings show we are one of the top handful of life assurance companies, both for past performance and projected future benefits based on current terms. Find out now about our highly attractive new Unit Linked Investments by posting the coupon below.

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Please send full details of:
 Single Premium Investment (Minimum £1,000)

Regular Premium Investment (Minimum £400 yearly or £40 monthly)

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Address _____
Date of Birth _____
Bus. Tel. No. _____
Home Tel. No. _____

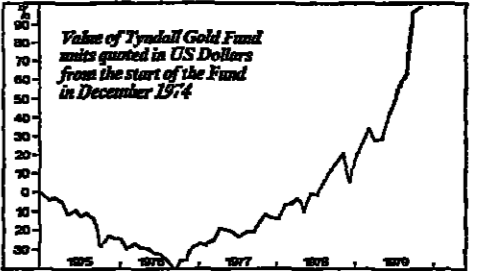


Now on offer for the first time to UK investors

Tyndall Gold Fund

Following the ending of Exchange Control, people in the UK are free to invest in gold bullion. You can do so in a unique way through the Tyndall Gold Fund

- * without paying VAT which otherwise you, as a private investor, would have to pay
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- The Fund simply holds bullion and does not speculate in it. So the price of fund units mirrors the gold bullion price as shown in the graph below.



You can invest from £500. Send coupon for further details. Tyndall International Assurance Ltd., P.O. Box 1256, Hamilton E-31, Bermuda, is registered in Bermuda and licensed to carry on long term life assurance business in the Isle of Man. As such it is an assurance company which does not and is not authorised to carry on in any part of the United Kingdom business of the class to which this advertisement relates. However UK investors may still purchase the policies issued by this company.

The Tyndall International Assurance Ltd.,
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Please send me information on the Tyndall Gold Fund.

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FOR 2-5 YEARS

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- Interest rate fixed for selected term
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 - No management charges or any other deductions
 - Minimum deposit £500
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Please send me further details of your fixed interest deposits.
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TARGET COVENANT SCHEME

Grandparents!
For every £200 you give, the taxman adds another £85.71!

If you have a grandchild* for whom you would like to build up a nest egg, the Target Covenant Plan with its valuable tax benefits can be used linked to an authorised unit trust fund such as Target Income Fund.

By covenanting to maintain the gifts for 7 years (minimum £15 monthly), you enable the child to reclaim the basic rate income tax which you have paid. This means that for every £200 you give, the taxman adds a further £85.71 and the child can reclaim the tax deducted from the unit income provided his income from all sources does not exceed the tax free allowance, currently £1165.

As the estimated gross income from Target Income Fund is 11.55% p.a. (as at 15th November, 1979), the effect is to provide a return on your gift of at least 16½% p.a. at current prices and yields excluding any capital movement which may occur.

Past performance is not necessarily a guide to the future but a £20 monthly investment into Target Income Fund over 7 years to the end of September, 1979, assuming reinvestment of all tax rebates from both the Covenant and the income, would have

16½% NET annual income* for your grandchildren

been worth approximately £4400—representing an annual return on cost of 29%.

Target Income Fund
Formed in April, 1970, the Fund aims to provide a high and increasing income together with longer term capital appreciation.
The offer price of Target Income Fund units on 15th November, 1979, was 25.5p and at this price an investment was estimated to yield 11.55% per annum gross.

For full details complete and return the coupon to Target Trust Managers Ltd., Freeport, Aylesbury, Bucks HP19 3YA or telephone 01-600 7533.

NO STAMP REQUIRED
TO: TARGET TRUST MANAGERS LIMITED
FREEPOST, AYLESBURY, BUCKS HP19 3YA
(A member of the Unit Trust Association)

Please send me details of your Covenant Scheme.
Name _____
Address _____

Not applicable to Eim.
Total funds under management in the Target Group exceed £136,000,000.



8 THIS NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE

PARTICULARS OF AN ISSUE OF £1,000,000,000 13 3/4 per cent TREASURY STOCK, 2000-2003

SCHEDULE OF PAYMENTS.

Amount paid on issue £20.00 per cent Amount payable on Wednesday, 5th December 1979 £71.00 per cent

INTEREST PAYABLE HALF-YEARLY ON 25th JANUARY and 25th JULY

- 1. This Stock is an investment falling within Part II of the Finance Schedule to the Trustee Investments Act 1961. Application has been made to the Council of the Stock Exchange for the Stock to be admitted to the Official List. 2. The whole of the Stock has been issued to the Bank of England on 15th November 1979 at a price of £91.00 per cent. The amount paid on issue was £20.00 per cent. The amount payable on 5th December 1979 will be £71.00 per cent. 3. The principal of and interest on the Stock will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom. 4. If not previously redeemed, the Stock will be repaid at par on 25th July 2003, but Her Majesty's Treasury reserves to themselves the right to redeem the Stock, in whole or in part, by drawings or otherwise, at par on or at any time after 25th July 2000 on giving not less than three months' notice in the London Gazette. 5. The Stock will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable, in multiples of one new penny, by instrument in accordance with the Stock Transfer Act 1982. Transfers will be free of stamp duty. 6. Interest will be payable half-yearly on 25th January and 25th July. Income tax will be deducted from payments of more than £5 per annum. Interest warrants will be transmitted by post. The first payment will be made on 25th July 1980 at the rate of £8.3430 per £100 of the Stock. 7. Until the instalment due on 5th December 1979 has been paid and a completed registration form submitted to the Bank of England, the Stock will be represented by letters of allotment. 8. Letters of allotment may be split into denominations of multiples of £100 on written request received by the Bank of England, New Issues, Washing Street, London, EC4M 8AA, or by any of the Branches of the Bank of England, on any date not later than 3rd December 1979. Such requests must be signed and must be accompanied by the letters of allotment. 9. Letters of allotment must be surrendered for registration, accompanied by a completed registration form, when the final instalment is paid, unless payment in full has been made before the due date, in which case they must be surrendered for registration not later than 5th December 1979. 10. Payment in full may be made at any time prior to 5th December 1979 but no discount will be allowed on such payment. Default in the payment by its due date of the final instalment in respect of any Stock will render any amount previously paid in respect of such Stock liable to forfeiture and the allotment of such Stock to cancellation. 11. Until the close of business on 20th June 1980 Stock issued in accordance with this notice will be known as 13 3/4 per cent Treasury Stock, 2000-2003 "A"; the last date for lodgment at the Bank of England of transfers of "A" Stock will be 18th June 1980. The interest due on 25th July 1980 will be paid separately on existing holdings of 13 3/4 per cent Treasury Stock, 2000-2003 and on holdings of "A" Stock; consequently, interest mandates or authorities for income tax remission concerned in respect of existing holdings will not be applied to the payment of interest due on 25th July 1980 on holdings of "A" Stock. From the opening of business on 23rd June 1980 the "A" Stock will be amalgamated with the existing Stock. 12. Copies of this notice may be obtained at the Bank of England, New Issues, Washing Street, London, EC4M 8AA, or at any of the Branches of the Bank of England, or at the Glasgow Agency of the Bank of England, at the Bank of Ireland, F.O. Box 13, Threadneedle Place, Bank, ST1 3BS, at Mullans & Co., 15 Moorgate, London, EC2R 6AN; or at any office of The Stock Exchange in the United Kingdom.

BANK OF ENGLAND, LONDON November 1979.

First offer of units in Gartmore Special Situations Trust

The investment aim of this new Trust will be to provide above-average capital growth. This will be achieved by investing in an actively managed portfolio of U.K. shares, purchased at times when the managers consider them undervalued relative to the market. One of the major benefits that a unit trust can offer is its ability to apply professional management to small amounts of money on behalf of many individual investors. In today's U.K. stock market conditions, share selection is all the more important since, within any one sector, the performance of individual shares will vary enormously. Remember the price of units and the income from them can go down as well as up. You should regard your investment as long-term. You can invest £200 or more in Gartmore Special Situations Trust, at the launch price of 25p, by completing the coupon below and sending it with your cheque to the address shown. Units are on offer at the fixed price of 25p each until 30th November 1979, giving an estimated gross yield of 4.0% per annum. Units may be purchased thereafter at the offer price prevailing. Applications will be accepted until 30th November 1979. After this date, applications will be accepted on a first-come, first-served basis. The Trust is incorporated and administered by Gartmore Special Situations Trust, at the bank premises of Gartmore Special Situations Trust, 25, St. Mary's Lane, London EC3A 8BP. (Reg. No. 1122211 Reg. No. 0407-1)

Form with fields for Name, Address, Signature, and investment details for Gartmore Special Situations Trust.

YOUR SAVINGS AND INVESTMENTS 2

Besides the key issue of interest rates the Government has made some important statements this week.

Hopes for abolishing the investment surcharge

TAXATION DAVID FREUD



THE CHANCELLOR confirmed on Monday that the spring Budget would contain the capital tax reform that Lord Cockfield, Minister of State at the Treasury, has been working on since the election. Sir Geoffrey also gave a clear hint that one of the elements in the reform is likely to be abolition of the investment income surcharge, now 15 per cent, on "unearned" income of more than £5,000. "The capital tax system that we have inherited is a haphazard accumulation of

taxes—capital gains tax, capital transfer tax, development land tax, stamp duties and investment income surcharge—piled one on top of the other." He went on to add that it would be desirable to get rid of

is the preferential treatment of savings channelled into pension and insurance schemes. But this is unlikely to be changed, mainly for political reasons. The investment income surcharge is an obvious candidate for abolition, however. It would be the next logical step in removing distortions from the stock market, after the abolition of dividend and exchange controls.

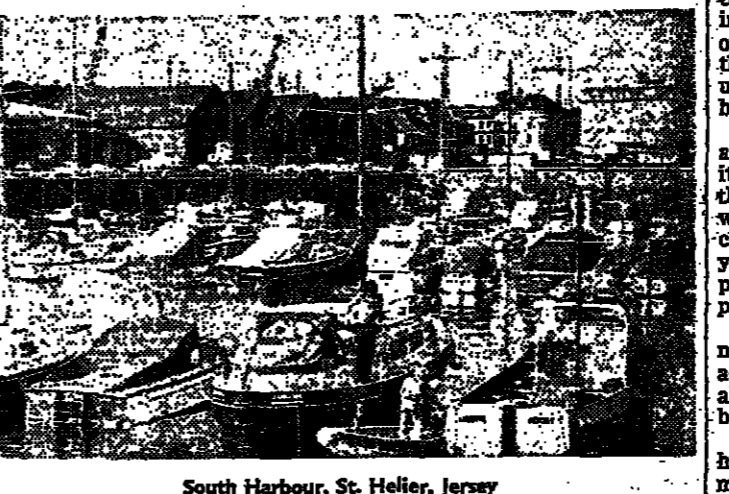
Nor would it be expensive to implement, an important point, since Sir Geoffrey said there would be little room for income tax cuts next year. In the 1976-77 financial year, the last for which figures are available, the surcharge brought in £265m. This figure will have moved up with inflation probably to about £400m.

However, the Budget adjustment of the summer is estimated to have reduced revenue by £201m, leaving about £200m—the equivalent to less than 1p off the basic rate of income tax. Because of the present £5,000 threshold of the surcharge, which compares with last year's complicated lower rate formula with a threshold of £1,700, total abolition will only affect those with portfolios of, perhaps, £30,000 and above. One of the biggest distortions

Sterling funds sail into uncharted waters

MYSTERY AND uncertainty this weekend still surround the fate of offshore sterling deposit funds. Unless there is a dramatic change of heart, things seem likely to remain that way for at least a couple of months. The future of all these vehicles—there were about 14 of them at the last count—was thrown into doubt a fortnight ago. Two of the oldest and biggest funds, the near £100m

access to professional management in the wholesale money markets. By buying money market instruments—namely Bills of Exchange and Certificates of Deposit and in the latter case selling them where necessary before maturity to avoid taking too much income—the funds effectively convert income or corporation tax liability into capital gains tax liability. In this way investors get a more attractive return from readily realisable assets than by simply putting the money in a UK bank account, where any income would be more heavily taxed.



South Harbour, St. Helier, Jersey

DEPOSITS TIM DICKSON

Lazard Brothers Sterling Reserve Funds and Central Assets, the fund owned by Keyser Ullmann, disclosed that the Inland Revenue is looking at the possible application of a section of the tax law, aimed at preventing tax avoidance. Section 478 of the Income and Corporation Taxes Act 1970 contains provisions for preventing income tax avoidance by transactions involved in the transfer of assets abroad. This is distinct from Section 480, which gives the Revenue power to tax an artificial capital gain as income, and under which these funds have officially been cleared. The funds, which together total well over £200m, give individuals and companies

grey area and the Revenue's silence is a result of its traditional refusal to discuss individual cases and its uncertainty as to whether the section can be applied. Broadly, the options seem to be that the Revenue can either abandon the investigation (purely one for the optimists), apply Section 478 (in which case it might be contested, though this would have to be by an individual investor) or bring in new legislation to close the loophole. How should investors react? First of all, corporate investors who probably make up about half the total, cannot be taxed under Section 478. As for individuals, some have already voted with their feet.

Lazard and Keyser Ullmann funds have experienced some unexpected withdrawals. Taking this course, however, does not give anybody a passport to immunity because, if applied, Section 478 could be applied retrospectively and would apply to individuals, not to the fund. The managers themselves generally admit that while the outlook is still uncertain many investors should probably wait and see. Those with money still in this type of fund, however, will have to weigh up the chances of the Revenue successfully cracking down (which would probably mean their loss

ing most of their tax advantages) and the alternatives elsewhere. Unless new legislation is introduced, in which case the Revenue's action may not be retrospective, investors are unlikely to be worse off if they stay put.

Risks of stamp collecting

TODAY IS the final day of the 1979 British Philatelic Exhibition, held for the first time at the Wembley Conference Centre. With about 70 dealers' stands and 200 competition entries, the worth of the stamps and philatelic material at risk in the Thames Suite at Wembley, could be in the region of £10m. Philately, at home and abroad, is big business and getting bigger. For nine days in May next year the exhibition halls at Earls Court will be taken over for the international "London 1980", to the cost of which the premium on the Rowland Hill miniature sheet recently issued by the Post Office will make its contribution. But the dealers' stands at exhibitions and the exhibition items themselves are only the tip of an iceberg. How many people are serious philatelists or even half serious stamp collectors? How many more have collections now neglected, perhaps handed over by relatives, or begun and abandoned in school days? What is their worth—and perhaps more to the point, do their owners have adequate insurances?

Special insurances are available on an "all risks" basis to cover not only one's collections in the home, but also transit and exhibition risks. These insurances have long been provided by Eagle Star, and by Lloyd's Underwriters, while Harners, the international auctioneer in New Bond Street, has recently established a company to arrange clients' insurances. These special insurances can be

tailor-made (and sometimes at a bespoke price) to the individual philatelist's needs, but are really for the expert, for the specialist. But what of the ordinary collector and what of his run of the mill insurance? Our starting point must of course be the home "contents" policy which, on one form or another, the majority of people have, principally for protection against the risks of fire and theft, but also against a dozen or so other specified perils. For the vast majority of ordinary collectors, this protection ought to be sufficient. If a collection is never going to be taken outside the home, what is the need for "all risks" insurance? But even if the specified perils protection afforded by the average contents policy is adequate, many collectors will find the financial limits incorporated in the policy too low. It is still the practice to limit cover for collections to 5 per cent of the sum insured. So, if contents are insured for £10,000 (a not unreasonable present day sum for a reasonably furnished four-bedroom house occupied by a family of four) then there is £500 worth of cover for stamps, £500 worth for coins and medals, and so on. How then to break this 5 per

cent limit? On application, most insurers are prepared to provide cover on a collection up to the limit required by the policyholder, an endorsement is issued or the schedule is marked with a sum insured for the collection separate from the rest of the contents. By arranging cover in this way the collector does not get an agreed value insurance—he merely fixes a separate sum insured which is the maximum of insurer's liability in the event of damage or loss. All insurers have their own underwriting rules to deal with requests from all kinds of collectors—and while the "small" collection may be insured without demur, many insurers are more wary about covering the more valuable collection at their normal contents terms, particularly if the collection approaches or even exceeds the value of the ordinary contents. If say, a householder has ordinary contents worth £10,000 and a collection of stamps or coins worth another £10,000, insurers may well want a higher rate of premium on the collection, perhaps over the whole insurance, and may well want the collection kept in a safe or an alarmed area. Quite a lot will depend on the type and location of one's home, and whether it is house or flat and whether it is an area of high crime risk. As with other property insurances, it is for the policyholder to put a value on his collection, or if he prefers, to get a valuation from an expert at his own expense.

Income bonds—it's hard to keep up with the pace

YOU NEED the pater of a sports commentator to discuss the Guaranteed Income Bond market after this week's developments. Each time I have telephoned the life companies to check their rates, they have changed. Ideally, we should have an electronic scoreboard to keep up to date on the best available returns. Although the increase in MLR has given investment returns a boost this auction in GIB rates would have taken place anyway as the life companies competed for business. Consider the following sum—

Where companies do allow early cash-in, the amount paid is linked to market conditions. As interest rates have risen, the value of the underlying investments has fallen so on cash-in, the investor will certainly get less than he invested. What will the Chancellor do about it? Sir Keith Joseph this week confirmed that life insurance funds would still continue to receive their favourable tax treatment. But he did not apparently confirm that there was no immediate prospect of change in the tax relief available within the savings sector.

Table with 2 columns: Revenue, plus net return on short-term investment, less expenses net of tax and life cover. Values: 21.2, 11.0, 8.2.

INVESTMENT ERIC SHORT

Return to bondholder before life company profit 24.0. My sum illustrates the position of life companies operating in this field. The company can offer 20 per cent net of tax to the bondholder and still have a useful return for the shareholders. The actuary of a company active in this field admits that it could go to 20 per cent on these bonds. At the time of writing, the top return is 15 per cent from Albany Life's one-year bond, so there is still plenty of room left for companies to lift their rates. For those investors who have not yet entered this market, our advice last week is still applicable. Next week, you may well be able to get a higher yield. But for those investors who have already bought the maximum amount of bonds which qualify for the full tax relief, it is no use crying over spilt milk. You will gain nothing by cashing in your bond and re-investing. Under many bonds, especially the one year term, the investor is locked in and cannot get his money out until the end of the period. Naturally, the death sum is paid should he die before the end of the term.

This is still being studied. The Chancellor can still retain tax relief on life assurance premiums, but change the rate of relief and the terms of clawing back the relief for early surrender. He could cut the rate on the gross premium from 17 1/2 per cent to 12 1/2 per cent. He could also claw back the relief given in the year of cash-in if this takes place before 10 years. These two measures would hit return on income bonds. Some companies have split out very carefully in their literature the effect of a change in rate. But they have not anticipated the Chancellor any further. Next year's Budget will be crucial for income bond holders. Merchant Investors, which effectively locks in bondholders, has said it has contingency plans prepared so that if the Chancellor does hit these bonds it will give bondholders the best possible cash-in terms. But most other companies, such as Albany Life, prefer not to anticipate events. Property, Equity and Life has increased the yield on its one year bond to 16 per cent. Skandia Life is paying 14 per cent on its two-year bond.

New from Generali International Managed Bond

How to respond now to the abolition of Exchange Controls

This International Managed Bond is a single premium life assurance policy designed to take full advantage of the relaxation of controls on overseas investment. It is issued by the United Kingdom Branch of Generali, a world-wide Group with assets in excess of £3,200,000,000 spread throughout the major capital markets of the world.

Taxation All benefits are free of both basic rate tax and capital gains tax. For higher rate tax payers there could be a liability to income tax. Life Assurance Should you die while the policy is in force the sum payable will be the bid value of your units multiplied by a factor which varies according to your age at death. Send for our booklet Full details are available in a booklet which will be forwarded on request.

World-wide investment The investments will be made wherever the managers consider the best prospects for profits occur. Ending of Exchange Control means there are no barriers to investment overseas and no penalties for switching. Your investment will be used to purchase units in our International Managed Fund, and by way of illustration only, the following table shows how an investment of £10,000 would increase in value assuming annual growth rates of 5% & 10%.

Table with 3 columns: Years Invested, Annual Growth Rate, Value. Rows for 5, 10, 15, 20 years at 5% and 10% growth rates.

Form with fields for Name, Address, and contact information for Generali.

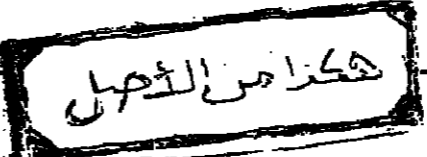
Regular Income You may obtain an annual income from your bond by disposing of some of your units each year.

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Form for UK Provident with fields for Name, Address, and pension plan selection (Self-Employed Pension Plan, Individual Pension Plan).

YOUR SAVINGS AND INVESTMENTS 3



The abolition of exchange controls continues to encourage the launch of new funds. Tim Dickson looks at one particularly ambitious example.

The world at its doorstep

EQUITIES, BONDS, property or cash—from Tennessee to Timbuktu. You name it and merchant bankers S.G. Warburg will consider it. Well, not exactly perhaps, but to put it another way the managers of Warburg's new fund Selected Market Trust launched this week will have an unusually open mind about overseas investment.

Unlike most overseas funds which tend, possibly wisely, to limit their investment horizon to some corner of a foreign field, Selected Market Trust will officially have no such brief. As the prospectus says boldly: "The directors will be free to invest the assets of the fund without restriction, either on a geographical or sector basis (including the United Kingdom fixed interest and equity markets)."

Certainly, the best way for an investor with less than say £20,000 to gain access to overseas pastures is through some sort of managed fund—individual share dealing, for instance may well present

difficulties for the uninitiated while information on companies outside the UK is often inadequate.

But should investors consider putting their money into a fund with such flexibility? Some people, no doubt, will prefer to know that the managers are confined to the U.S. or Japan, markets which they themselves have perhaps identified as the one with the greatest potential. Others, however, may be prepared to chance their arm and leave all the decisions in the hands of the professionals.

The case for diversifying your portfolio, purely as a hedge against Britain, is undoubtedly strong, after all, the UK stock market accounts for less than 10 per cent of the world stock market capitalisation. The case is even stronger if you feel the country's economic growth over the medium term is going to be slower than our competitors.

This is closely bound up with the outlook for currencies, which could well determine the success or failure of the fund. Again currency management

will be entirely at the discretion of the managers "who will hold cash in whatever currencies they consider appropriate."

Most of Warburg's funds (and SMT is no exception) are based offshore and comparison with the more familiar range of UK authorised unit trusts is therefore difficult, and perhaps meaningless.

The company's Common Market Trust, however, has been markedly more successful than similar funds with the unit price rising almost 45 per cent since its launch in 1972.

Other European funds have partly come a cropper by getting their currencies wrong.

The unit price of Warburg's Transatlantic Trust (largely invested in Wall Street) is 14 per cent better since its birth in 1974 (against a 3 per cent increase in the Dow Jones Index). However, its Gresham Street Fund has not done so well, falling 22.5 per cent since 1972, against the 13.5 per cent of the Dow.

Also out this week is a "Special Situations Trust"

from Tower Investment Group, only the second from the team formed earlier this year by former Britannia Arrow man Brian Banks.

The group faces one or two difficulties with this launch. Firstly, Tower has not yet had time to build up much of a track record, although it can claim that its Income and Growth Fund has slithered less far than many of its bigger rivals since it was launched at the beginning of the summer.

The team can also point to its successes at Britannia.

Secondly, the fund aims to achieve a maximum capital growth at a time when income is more in vogue and when the stock market has plunged more than 100 points in a few months.

But Mr. Banks says he is confident that "we are within 10 per cent of the bottom" and that next year will see a recovery. He feels, however, that gifts will be first to show though all this assumes, of course, that Mrs. Thatcher's latest dose of unpleasant medicine does the trick.

A new variation on lump-sum investment

THE MOST tax-efficient means of making regular investment in unit trusts is through a linked life policy. Now the Chieftain unit trust group offers investors a scheme which will not only build a lump sum investment into a maximum investment regular savings plan, but will actively manage the unit trust portfolio for clients. The medium will be the trusts in the Chieftain stable.

The operation of this scheme, the brainchild of Richard Eats, is straightforward. If an investor has a lump sum of £10,000 to invest—the minimum amount—£1,000 is used for the first annual premium on a life policy, and on the policy fee, while the remaining money is put in a range of unit trusts.

Chieftain will manage the unit trust portfolio. At the beginning of the second year enough trusts are realised to pay the second annual premium of £1,000. And so on until annual premiums have been paid.

The investor collects the tax credit available on life assurance premiums, currently 21.2 per cent on the net premium, though he has to pay the charges for the service. At the moment, adding up the credits and debits, for each £10,000 put down the investor has £11,168 invested. At the end of 10 years, the investor has the usual options on maximum investment plans.

In managing his own unit trusts, Chieftain has to be whiter than white and show first that it is not churning your portfolio just for the charges.

Secondly, it must show that its decisions to switch or not to switch are purely investment decisions in the best interest of the client and not taken to support a particular fund.

For switches Chieftain has waived the 5 per cent initial management charge. The transfer of funds will be solely on a bid-to-offer basis to meet expenses.

Chieftain has also waived initial management charges on all purchases after the first

UNIT TRUSTS
ERIC SHORT

arrangement of the portfolio. When the investments in the life plan are switched, the first switch is also free. Transfers from the lump sum to the life plan are made on a bid to offer basis, but there are no other charges.

The group will also send a report to investors on the changes made together with an explanation of the rationale behind the changes. Chieftain feels that these two moves will satisfy investors that they are getting a good service.

Another feature of this portfolio management service is its individuality. Chieftain says it will first find out its clients' investment objectives and whether they are conservative or adventurous investors.

higher figure until they have seen how business progresses—they will make their first valuation at the end of 1982.

The other unknown factor is that no terminal bonus has been forecast, although the company has left itself the option of paying one in the future if conditions justify it.

At this stage borrowers may feel inclined to stick with an established company with a proven track record, thereby removing some of the uncertainty. This would be justified by a comparison with some other life company projections.

For example, consider a mortgage of £12,000 repaid at the end of 25 years taken out by a man aged 25 next birthday and his wife aged 26 next birthday. Under the TSB policy, the net monthly premium would be £39.01 for a full with-profits and the estimated proceeds in 25 years would be £34,469.

With Friends' Provident the net monthly premium would be £36 and the estimated maturity value £41,401 (including £7,622 terminal bonus).

Using the low cost method, the net monthly premium from the TSB would be £17.82 and the profit at maturity after paying the mortgage, £2,667. Friends' Provident takes a net premium of £16.99. The net profit is £6,009 (including £3,315 terminal bonus).

Using the low cost method, the net monthly premium from the TSB would be £17.82 and the profit at maturity after paying the mortgage, £2,667. Friends' Provident takes a net premium of £16.99. The net profit is £6,009 (including £3,315 terminal bonus).

Retirement certificates

The retail price index figure relevant to encashment during December of Retirement Issue Certificates held for a full year is 235.6. This represents an increase of 17.2 per cent over the past year and one per cent over the previous month.

DECEMBER 1979 REPAYMENT VALUES (£) FOR £100 INVESTED

Purchase month	Value	Purchase month	Value
Jun 1975	182.49	Apr 1977	135.32
Jul 1975	175.17	May 1977	134.02
Aug 1975	171.85	Jun 1977	130.67
Sep 1975	170.11	Jul 1977	129.66
Oct 1975	169.13	Aug 1977	128.32
Nov 1975	167.69	Sep 1977	128.18
Dec 1975	165.33	Oct 1977	127.56
Jan 1976	163.38	Nov 1977	126.87
Feb 1976	161.37	Dec 1977	126.33
Mar 1976	159.30	Jan 1978	125.72
Apr 1976	157.28	Feb 1978	125.05
May 1976	156.44	Mar 1978	124.33
Jun 1976	153.49	Apr 1978	123.61
Jul 1976	151.80	May 1978	122.84
Aug 1976	151.03	Jun 1978	121.07
Sep 1976	150.74	Jul 1978	120.39
Oct 1976	148.64	Aug 1978	119.57
Nov 1976	146.70	Sep 1978	118.43
Dec 1976	144.10	Oct 1978	118.15
Jan 1977	142.10	Nov 1978	117.68
Feb 1977	140.24	Dec 1978	117.16
Mar 1977	136.66		

Cardiff Malting advances and pays double

After a strong second half, pre-tax profits of Cardiff Malting Co. jumped from £3,180 to £45,439 in the year to September 30, 1979 on turnover ahead from £512,034 to £658,527. A tax credit of £47,923 (£665) brings the net profit up to £98,362 (£8,888).

The final dividend is doubled to 1p, making a total of 1.8p (1p). Stated earnings per 20p share are up from 1.2p to 8.6p.

Midway profits were £11,520 on turnover of £389,529. In August, the board announced its intention to discontinue malting activities and concentrate on the already profitable property investment side.

CWMBRAN BUILDING

A compulsory winding up order made on Monday against Cwmbran Building and Roofing has been rescinded by Mr. Justice Oliver in the High Court. By consent, the petition was dismissed.

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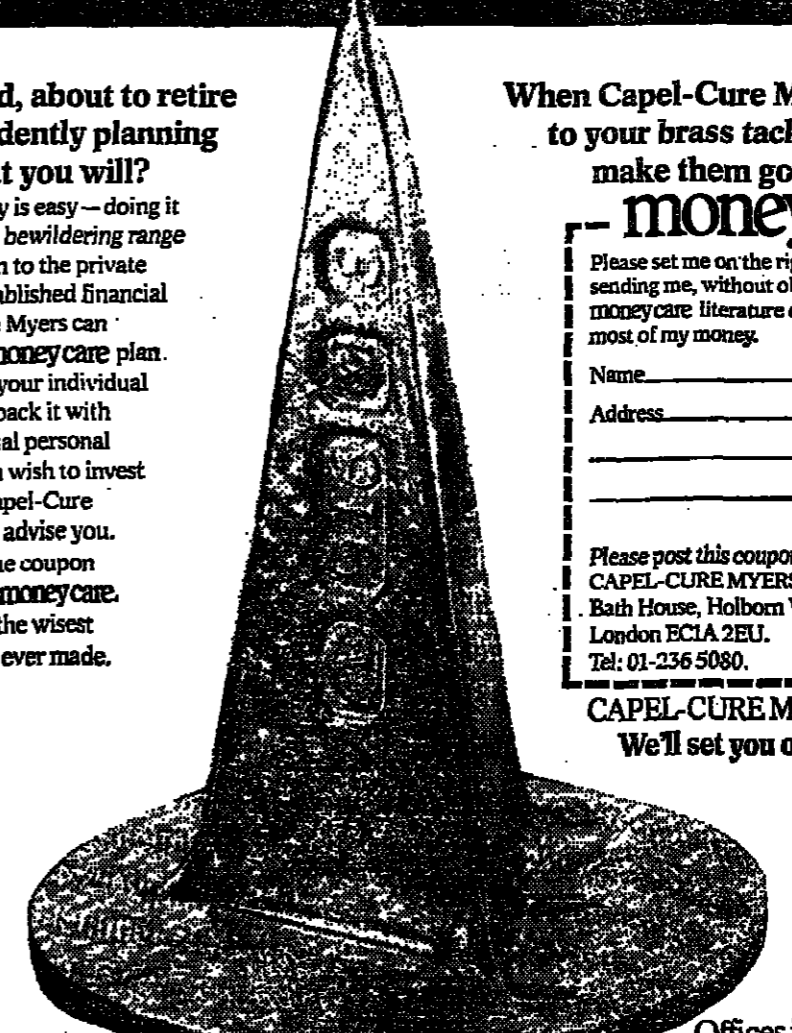
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New with-profits: An extremely rare animal

A WITH-PROFIT contract from a comparatively new life company is a rare event indeed. But this is just what the TSB Trust Company, the insurance arm of the Trustee Savings Banks, has just come up with.

It was the TSB's recent entry into the home loan market which gave the TSB Trust Company the opportunity to enter the traditional with-profit life sector and add another dimension to its life assurance operations.

One of the facets of the TSB mortgage scheme is the facility to repay the loan with an endowment assurance either from the TSB trust company or from another life company. Borrowers can either use the popular "low cost" endowment—a combination of with-profits and term assurance—or the full with-profits.

New life companies have rigorously eschewed the with-profits sector of the market, operating instead in the linked and the non-profit, protection sectors. There is possibly a good reason for this.

A with-profit contract carries a high level of investment guarantee which has to be covered by assets. To start with, there is the sum assured (i.e., a guarantee) and to this is added each annual bonus declared. Once bonuses are declared they are also guaranteed and cannot be taken away.

Some actuaries claim it is impossible for a new life company to compete in the with-profits field, because a significant portion of the established life company bonuses comes from investment income on the free reserves built up over the years.

Nevertheless, the TSB with-profit plan does have a competitive initial bonus rate, which is forecast at 24.50 per cent per annum.

INSURANCE
ERIC SHORT

The TSB will operate a triennial compound system, which means that bonuses will be declared every three years and the rate will apply to the sum assured and attaching bonuses. Interim bonuses will be paid on policies that become claims during the triennium.

How can the TSB do this without incurring a massive capital drain on the TSB Central Board? In the first place, the expenses of setting up the contracts are comparatively low. Branch managers will be paid a commission, but at a lower scale than the Life Offices Association's maximum scale. Moreover, the commission will be paid as the premiums are received, not in a lump sum at outset.

The high costs of setting up a policy explain why with-

profits business is expensive.

Secondly, the TSB has limited the amount of business transacted. These policies are being sold only in conjunction with a house mortgage and no more than 10 per cent of loans can be repaid by the endowment method. All efforts will be concentrated on using the annuity method of repayment.

Thirdly, the TSB is entering the field at a time of record interest rates. The with-profits fund's assets will initially be high income producers, especially from fixed interest holdings.

The biggest decision for anyone taking a TSB mortgage and wishing to repay by the endowment method is whether to use a TSB policy or one from another company. Several points need to be considered.

TSB Trust company is a proprietary company owned by the TSB Central Board. The company follows the fashion by guaranteeing that at least 90 per cent of the profits from the with-profits fund will go to policyholders. In the early years, however, this proportion is likely to be much closer to 100 per cent.

But TSB does not have a bonus track record. Actuaries are usually conservative in forecasting bonus rates, so this bonus rate should be maintained. The actuaries, on the other hand, may well feel inhibited from forecasting any

higher figure until they have seen how business progresses—they will make their first valuation at the end of 1982.

The other unknown factor is that no terminal bonus has been forecast, although the company has left itself the option of paying one in the future if conditions justify it.

At this stage borrowers may feel inclined to stick with an established company with a proven track record, thereby removing some of the uncertainty. This would be justified by a comparison with some other life company projections.

For example, consider a mortgage of £12,000 repaid at the end of 25 years taken out by a man aged 25 next birthday and his wife aged 26 next birthday. Under the TSB policy, the net monthly premium would be £39.01 for a full with-profits and the estimated proceeds in 25 years would be £34,469.

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Claiming for trading losses

WHERE AN individual makes a trading loss there are two alternative methods normally open to him for claiming tax relief. He can either set the loss against his income for that same year, or against his next year's income.

In either event, the loss goes to reduce his total income. He is therefore entitled to a tax repayment—assuming of course that he has already paid tax on the full amount of the income before its reduction by the set off.

Described as above, the loss reliefs appear simpler to visualise than is usually the case in practice. The first of the complications flows from our system of taxing traders on a "previous year" basis—i.e., income, allowances and losses each need careful scrutiny in order to identify into which year they fall for income tax purposes.

If a trader has for some years drawn up his accounts to December 31 then his taxable income for 1979/80 would normally include the following:

- Trading profits to December 31, 1978.
- First year allowances on plant bought in 1978, increased by writing down allowances on plant in use at the end of that year which had not already been fully written off or reduced by balancing charges on plant sold in that year.
- A deduction for stock relief, by reference to the increase in

stock levels during the course of 1978.

- Investment and any other income for the year to April 5, 1980.

The loss which is described as being that of 1979/80 (and which he could accordingly claim to set against this income), would consist of—

TAXATION
DAVID WAINMAN

- Trading loss to December 31, 1979.
- Capital Allowances based on 1979 expenditure.
- Stock relief for 1979.

Any one or more of these last three figures may itself be a positive amount—a trading profit, a balancing charge or a claw-back of stock relief—rather than their antitheses. But if when taken together the three aggregate to a loss, then relief can be claimed.

The alternative basis upon which the trader in this situation can claim relief is by setting his 1979/80 loss against his income for 1980/81. He must, in order to be permitted to do so, still be carrying on his trade in 1980/81.

This method of claiming relief will of necessity delay his repayment. The fact that his 1979 accounts produce a tax loss (however this is relieved), means that his "income" from

trading sources assessable for 1980/81 is zero.

So it would be advantageous to claim relief in 1980/81 only if his 1980/81 income from other sources were greater than his aggregate income for 1979/80. This unusual income pattern could give him a greater repayment if he claimed relief for the latter year.

The complexities of loss reliefs are greater for the person who has only recently commenced trading. It is only a Revenue convention which permits an established trader to regard the loss in his 1979 accounts as being one sustained in 1979/80.

New traders who want to quantify a 1979/80 loss have to take three quarters of the 1979 loss and one quarter of that from their 1980 accounts.

But that is not the most significant of the factors which the new trader has to consider. If he sustains a loss in fiscal year in which he starts trading, or in any of the next three fiscal years, then there is available, if he wants it, a wholly different basis of claiming relief.

Among the package of reliefs introduced in the Finance Act 1978 in order to assist small businesses, was the entitlement to claim relief "three years backwards." The provisions are to be found in Section 30.

If a trader claims under that section, his loss is set off against his income for the previous three years. His 1979/80 loss, for instance, would be set first

against 1978/77 income: If it exceeded that, the balance would be set against 1977/76 income, and any excess against 1976/75.

It is an essential part of the thinking behind this section that many entrepreneurs may have been highly paid employees before they set out on their own. If they can be enabled to finance some part of the growth of their businesses out of repayments of the tax deducted from their earnings, that is fair, and it is also economically desirable.

Rapid growth of any new business is almost bound to produce tax losses. First year allowances and stock relief will be large elements in this, but there must also be some inevitable "mis-matching" of income and expenditure while a trader is casting large amounts of bread on the waters. Three years is probably a realistic time-span over which to expect taxable profits.

Section 30 relief can be claimed not only by sole traders but by individuals trading in partnership. And in this case each partner's ability to claim dates from his own joining—not from the start of the partnership's operations.

The section contains also what has become the Revenue's general incantation. A loss can only be claimed if the trade was conducted commercially and profits could have been expected in the period, or within a reasonable time thereafter.

Highgate Optical slumps at halfway

Midway profits of Highgate Optical and Industrial Company fell sharply from £48,000 to £2,800 on turnover more than halved at £564,774 against £1.9m.

There is again no interim dividend—a final of 1.80p was paid last year on total taxable profits of £12,527 (£209,222).

The tax charge for the half year is reduced from £24,000 to £1,000.

The company, which distributes optical and audio equipment, reduced its holding in its principal French subsidiary, Société Parisienne de Jumelles à Prismes SA, from 100 per cent to a minority stake of 20 per cent on October 31, 1979.

F. NICHOLLS—SIMONS

The offer by Francis Nicholls for Simons and Co. has been accepted as to 81,567 shares. Nicholls now holds or has acceptances for a total of 132,427 shares—86.21 per cent.

LOCAL AUTHORITY SPENDING AND RATE INCREASE IN 1980-81

Relevant expenditure† in 1980-81, agreed with local authorities, £15,737bn

	Gov't figs.	LA's (average)	LA's (maximum)
Add estimated cost for pay and price inflation to March 1980	£2,339bn	£2.6bn	£2.8bn
Non-relevant expenditure	£80m	£80m	£80m
Total revenue expenditure at outturn prices	£18,156bn	£18,417bn	£18,617bn
Total grants at 61 per cent	—	£11,026bn	—
To be found from rates	£7,130bn	£7,391bn	£7,591bn
Rate increase implied	13.5%	18.2%	21.7%

†Relevant expenditure is total budgeted expenditure at November, 1979, prices, less items met almost entirely from central Government funds (for example, student awards, rent rebates), together with loan charges and capital expenditure met out of revenue.

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PROPERTY

Grapevine and Ginkgo tree

BY JUNE FIELD

"OXFORD lends sweetness to labour and dignity to leisure," wrote Henry James in Portraits of Places, 1883, declaring that an English country house gives an impression of idle enjoyment. The sentiments could certainly apply to The Firs, Headington Hill, a stylish 8-bedroom house built in 1893 for William Morrell of the Oxfordshire brewing family as the dower house of Headington Hall, now the home of Pergamon Press. In an acre of tranquil wooded gardens within a mile of Oxford city centre, there's a vine claimed as "the best domestic productive grapevine in Oxford," plus a variety of plants and shrubs including "a rare and splendid example of a ginkgo tree" that Chinese variety with fan-shaped leaves and fruit like an apricot. Price around £150,000. Details Christopher Tennant, Buckell & Baird, 58 Cornmarket Street, Oxford (0885 40801).

close to the centre of England are now being fully appreciated. Many businessmen who have interests in the Midlands, but who at the same time need to visit London regularly, find the Banbury area particularly suitable for their combined requirements. Although, as partner Ian McConnell admits, "It is always difficult to generalise with house values, as no two properties are identical, and it is comparatively rare for the same house to come on the market within a short period. An exception to this, however, was the sale of a house in South Northamptonshire in November, 1977, which it takes on average 10 minutes longer to get to London by train than it did 10 years ago), the area is bounded by first-class InterCity services on the north side to Northampton, Rugby and Coventry, and on the south side to Oxford and Didcot. Thirdly, people are becoming increasingly aware of the unspoilt and attractive pockets of countryside in the district. The Cotswolds have long established their reputation for picturesque scenery, some of which have suffered from an excess of tourists, but there are many other unspoilt parcels of countryside and pretty villages, and house buyers are increas-



The Firs, Headington Hill, Oxford.

of removal firms plus the expense of re-carpeting and re-orienting a new house; in addition to which some re-decoration or building works are often necessary. The majority of the purchasers are individuals moving into the area, either as a convenient location for their place of work, or to enable them to get away from the pressures of living in or close to London. This latter part of our market is to some extent seasonal, and we may well see a slackening of demand as winter sets in. Unless there is a significant deterioration in the political or economic climate, we would expect this demand to be renewed next spring, anticipating that prices will continue to rise at a rate more closely linked to the pace of inflation than the very rapid increase experienced over the last 18 months."

WOOLLEY & WALLIS

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Woolley & Wallis, The Castle Auction Mart, Salisbury, Wiltshire. Tel: 0732 27405.

Autumn colours

I HEAR very conflicting reports about the autumn foliage colour this year but my own observations, less extensive than usual and largely confined to my own county of Sussex, suggest that it is unusually good. From my study window I look over a hundred acres or so of woodland, largely native hardwoods but with a good sprinkling of larches, pines and firs, and there is certainly nothing to grumble about the colour there which seems to run the whole gamut of autumn hues from the soft yellows of poplars to the rich coppery reds of some beeches and my own scarlet oak. At Sheffield Park, near Uckfield, which I have visited twice in recent weeks (always, incidentally, to find good woods there which must be very heartening for the National Trust) the colour is rapidly building up to a crescendo. At my last call, on November 2, only the nysas were hanging fire though even with these there were enough touches of crimson and copper to suggest that they were merely biding their time waiting, maybe, for the first sharp frost to reveal their quality. This can be one of the most exciting of autumn trees but it remains scarce not, I think, because of any difficulty in cultivation for it grows and colours well in my own cold, sticky and poorly drained soil, but because it seldom produces viable seed and it seems impossible to increase it readily by any other means. Outstandingly good at Sheffield Park were the Japanese maples, the swamp cypresses (taxodium), several species of cornus including C. florida rubra, a number of vacciniums and, of course, the deciduous azaleas. In my own garden it is the various sorbus species that are at present contributing some of the best colour, most notably the excellent, and as yet botanical unknown, Sorbus "Joseph Rock" with leaves as close to crimson as anyone could wish. They make the perfect background for the clusters of roan berries which are at present lemon yellow but will deepen to amber as they ripen. Almost as brilliant in leaf colour, but a more coppery

estate, is S. discolor but this never seems to produce any berries which loses it a good many points in my estimation. Botanical mystery also surrounds this Chinese species for Alan Mitchell says that the tree we all know and grow as S. discolor is not really that plant at all but should be called S. "Embley." Harold Hillier confirms this, adding that the name refers to Embley Park in Hampshire where the late Dr. Wilfrid Fox, who planted the magnificent arboretum at Winkworth, now National Trust property, first saw it growing. It is rather erect and narrow in habit which probably explains why it has been so popular with local authorities for street planting. Also very good with me at the moment are the deciduous euonymus species though unhappily I have lost Euonymus alatus with the curiously winged stems and ruby red autumn hues. It succumbed suddenly and unexpectedly to some mysterious disease, probably one of the soil fungi which thrive in my poorly aerated and damp soil. I particularly like the Japanese spindleberry, Euonymus yedoensis, which has a looser, more

elegant habit than either our native spindleberry, E. europaeus, or the larger fruited E. latifolius. E. yedoensis rarely fails to produce good crops of its very distinctive pink fruit. Again there is botanical confusion, the latest edition of Bean's monumental "Trees and Shrubs Hardy in the British Isles" concluding after a long, and at times not very assured explanation, that this is not a true species but only a variety of another species and so should be known as Euonymus hamil-

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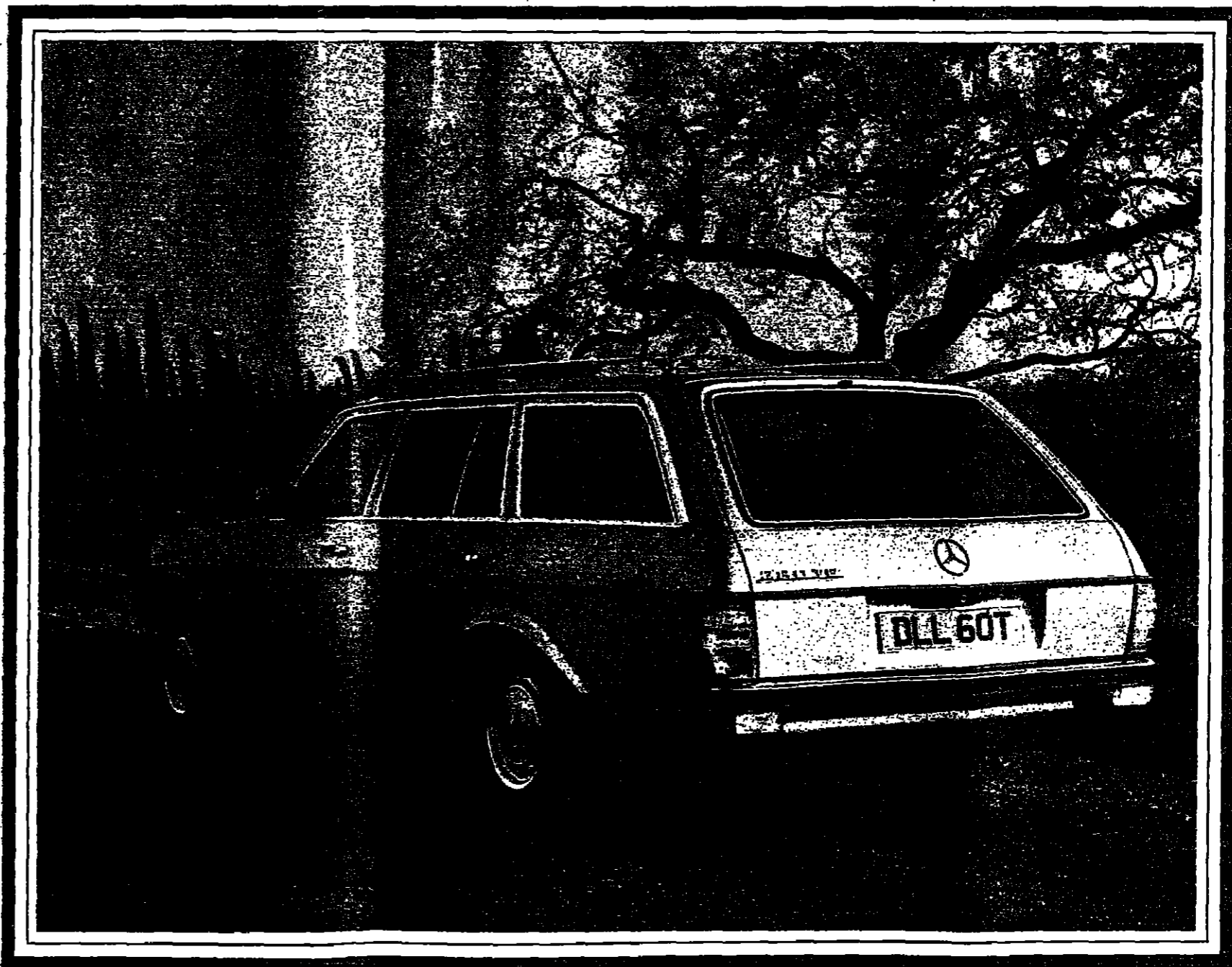
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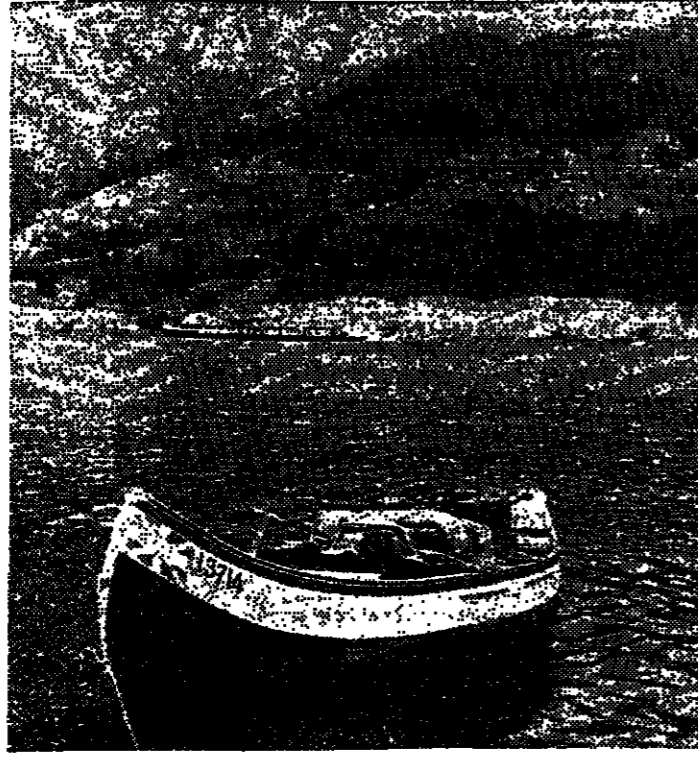
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TRAVEL

Canoe venture

BY SYLVIE NICKELS

THE TENT was pitched and we were just brewing coffee when the first fisherman arrived bearing his fresh-caught gift wrapped in brown paper. Later, a couple of shepherds came to water their flocks at the river's edge.



Yugoslavia, Lepenski Vir, looking across to the Carpathians of Romania.

We never, however, quite got used to the incredible generosity which kept us in fresh fruit, vegetables and fish for most of this section of our journey.

To a varying extent, there had been delightful contacts with their counterparts all along the way from Germany through Austria, Czechoslovakia, Hungary and Yugoslavia.

Sometimes our more common companions were lone kites wheeling out of the sky, or the golden oriole charming us with its fluting call, or a chatty colony of night herons.

These contrasts with the hurly-burly of Vienna's docks or the busy waters of central Budapest or the pleasure boats pattering beneath the modern skyline of New Belgrade were among the great joys of the venture.

There are two kinds of canoeing. The best known is the one concerned with the thrills and skills of wild water, usually in kayaks. The second is touring, which may be less spectacular but has many other advantages.

The equipment, by most standards, is not exorbitant, and the cost of living while touring far less than on most conventional holidays. The great free bonus, of course, is the close contact with the people and places on

the way. Of course, one must be prepared for the discomforts that go with bad weather as in any open air venture. We chose to camp wild most of the time, but the majority of river banks are quite well provided with good camp sites or canoe clubs whose facilities are available to members of the canoeing organisations of other nations.

Some kayakers are suitable for touring, the main requirement being sufficient storage space for the paraphernalia needed (usually less than you think). In my opinion, however, the better choice is a two-person Canadian canoe which, though less speedy than a kayak, is a wonderfully stable craft with considerable (comparatively) storage space.

We invested in an aluminium Grumman canoe for a journey of such length, though fibreglass equivalents can be much cheaper.

A few weeks ago, I described some of the complexities of planning a canoe journey touching seven countries. Four of them requiring visas. We chose to make it a solo operation, but there are alternatives which simplify things a great deal.

Every year, for example, the International Danube Tour (officially called Tour International Daubien, or TID for short) covers the 2,000 km from Ingolstadt in West Germany to Silistra on the Bulgarian/Romanian border.

It takes two months (July-August), though few participants do the whole journey. Most undertake a two-three-week stage, some completing the

itinerary over a period of three-four years. TID—which celebrates its 25th jubilee next year—is organised by the canoe associations of the countries concerned and, in 1979, it cost the equivalent of a mere DM 30 to participate.

For this all camp sites were pre-organised, arrangements made for border formalities, and in many places sightseeing excursions and festive meals provided. Daily averages were around 40-50 km with regular rest days in places of interest.

We coincided with TID near the Yugoslav-Bulgarian border and shared camp with them for three nights. It provided a delightful meeting ground for like-minded souls of several nations and all ages—many with little previous experience—and it seemed a pity that Britain was not otherwise represented.

TID is only one of many international canoe tours that range from the huge watery horizons of Finland to the tumbling rivers of Czechoslovakia, Yugoslavia or Spain. Some include quite difficult stretches of wilder water and accordingly require more expertise.

Useful addresses: British Canoe Union, Flexel House, 45 High Street, Addlestone, Weybridge, Surrey KT15 1JV; Canadian-Canoe Association of Great Britain: Secretary Leslie H. Rowe Queen Elizabeth Training College, Leatherhead Court, Leatherhead, Surrey; International Long River Canoeists Club, 238 Birmingham Road, Redditch, Worcestershire B97 6EL.

COOKERY

Cooking by the book

BY LUCIA VAN DER POST

EVERY YEAR I am convinced that there cannot possibly be scope for another cookery book, and every year, come the pre-Christmas period when the publishers' lists are heavy with glossy and mouth-watering colourful offerings, the cookery books land on my desk in thick profusion. This year the publishers and, of course, the authors, seem to have produced an even more desirable crop than ever.

The book I most covet, is The Country Kitchen by Jocasta Innes (published by Weidenfeld and Nicolson, £7.95). This is cooking as I dream it should be—cooking that is based on a steady, rhythmical way of life, with preserving, bottling, smoking and curing being an essential part of the thrifty housewife's repertoire. It is her way of preparing for lean times and coping with glut, as well as being a pleasure to look at and to handle. Many of the recipes are lovely, old classics like Brown-Bread Ice-Cream, Burnt Cream, Melton-Mowbray Raised Pie but there are also exotic recipes from far-flung places.

The photography is exceptionally beautiful and the design of the book makes it a pleasure to look at and to handle. Many of the recipes are lovely, old classics like Brown-Bread Ice-Cream, Burnt Cream, Melton-Mowbray Raised Pie but there are also exotic recipes from far-flung places.

If you want to know how to make cheese, cure your own meat or smoke your own fish, this is the book to lead you by the hand and show you. If, on the other hand you don't want to tackle anything so energetic there are plenty of recipes that you will long to try.

Here is Jocasta Innes' recipe for rabbit pate.

Rabbit Pate

Rabbit Pate. Rabbit meat, so often disappointing on its own (unless the rabbits are young, wild and herb scented), makes a light, pleasant pate, asked out with veal and pork. 1 lb rabbit meat (boned); 1 lb veal; 1 lb belly of pork; 1 onion; 3 cloves garlic; 4 oz white wine or wine vinegar; 1 tablespoon each chopped parsley, thyme, rind of 1 lemon; 8 oz speck or hard back fat; a pinch of salt; pepper; 1 tablespoon plain flour.

Dice all the meats roughly (not the speck) removing gristle and membranes. Mince them together with the onion and the garlic. Meanwhile boil up any bones and scraps with a little white wine or wine vinegar to make a stock. Mix the chopped meats with the herbs, the grated lemon rind and the speck, cut into small cubes, and season with salt and pepper.

Add a small glass of reduced stock, mixed with one tablespoon of plain flour. Pack into a dish, cover with foil, then lid, stand in a pan of water and bake for 1 1/2 to 2 hours (325°F, gas mark 3). Press with weights overnight.

Of all the cuisines in the world the one to which I am most attracted by temperament is that of Provence—for all that, I feel likewise, for whom the thought of a Grand Aioli or a Bouillabaisse on a sunlit terrace in the South spells happiness. Roger Verge's "Cuisine of the Sun" is the book that will give them hours of happiness. Published by Macmillan, at £8.95, Caroline Conran has

edited and adapted the book so that readers outside of that sunlit region will be able to capture some of the flavour of the food.

If you want to take advantage of the excellent lamb about in the shops now, here is a recipe that is redolent of the south.

Lamb Estouffade

Serves 6 to 7

1 leg of lamb weighing 6 1/2 lb, boned by the butcher; 14 oz salt belly of pork, soaked and cut in strips the size of your thumb; 10 1/2 oz salt pork rind; 2 bottles (2 1/2 pints) full bodied red wine; 8 1/2 oz coarsely chopped onion; 4 cloves garlic, peeled and flattened; 4 tomatoes (about 3 1/2 oz each); 2 beef stock cubes; 1 bouquet garni made up of parsley, celery, a bay leaf, strip of orange peel; and 2 sprigs of thyme tied up with a thread; 3 tablespoons olive oil; 7 oz flour; salt; 1 tablespoon crushed black peppercorns.

Trim the leg of lamb and cut the meat into large chunks weighing about 3 oz each. Put them in a large enamelled cast-iron casserole, together with the chopped onion, peeled and seeded cloves of garlic, peeled, seeded and diced tomatoes, the bouquet garni and the crushed peppercorns. Pour in the red wine and the olive oil and mix thoroughly with a wooden spoon. Set aside in a cool place (but not in the refrigerator) to marinate for four hours.

Meanwhile, cut the pork skin into 1 1/2 inch squares and place in a large pan full of cold water together with the strips of belly. Bring to the boil and simmer for five minutes, then drain and refresh under the cold tap.

When the meat has been marinating for 3 1/2 hours, pre-heat the oven to 225°F, gas mark 4. Half an hour later when the meat has marinated for four

hours add the drained pork to the casserole together with the stock cubes. Stir well and season with two teaspoons coarse salt. Add enough cold water to bring the level of the marinade 1 in above the meat, and cover the casserole. Mix the flour with cold water in a bowl and seal the casserole with the resulting paste. Put the sealed casserole in the oven and forget about it for three hours.

To serve, you have only to remove the sealing crust, throw away the bouquet garni, remove any excess fat with a spoon and taste for seasoning. The stew should be served very hot, in soup plates, with garlic bread.

The rehabilitation of English food is remarkable. I can remember when you were hardly ever given an English dish when you went to dinner with the sort of people that Jilly Cooper would call the Upwards. French and Italian food was all the rage. Now the Samanthas and Gideons are deeply into English food.

Part of the reason for this change is that for years now English food was so debased that nobody with any palate, or a liking for his friends, could have served it. Now that people are rediscovering English food as it used to be we are no longer quite so surprised to learn that once English food was the envy of Europe.

Jane Grigson, one of our finest cookery writers, has turned her attention to English food and her book called, not surprisingly, English Food (published by Macmillan, £9.95), sets before us an array of classically English dishes which will surprise and delight those whose chief association of food in England is with glistening Brown Windsor soups, glistening Brawn Windsor soups, and watery cabbage.

All the most evocative dishes from our past are there—

Salmagundi, Whim-Whim, Almond-Soup, Jugged Hare and other more rare and ancient-sounding dishes. Here is a recipe new to me.

Worcestershire Pear Souffle

Serves 4

2 macaroons, 1 large ripe pear, juice 1 lemon, 1 tablespoon kirsch or William pear brandy (optional), 4 oz butter, 4 oz vanilla sugar, 1 oz cornflour, 4 egg yolks, 4 egg whites.

First prepare a 2 1/2 pint souffle dish or Pyrex dish, or charlotte mould, by greasing it with a buttered paper, and mix macaroon so that the crumbs form an even coating with the butter. Crust the other macaroon and keep it for the top of the souffle.

Peel, core and chop the pear to a juicy mash. Mix in lemon, and alcohol if used. Put the butter in a basin, set it over a pan of almost simmering water and stir until it's melted.

Sieve the sugar and cornflour together. Tip it into the butter and stir to a thick buttery mass. Remove basin from heat and whisk in the egg yolks one by one. Then add the chopped pear and the alcohol. Beat the egg whites until they are stiff, mix a tablespoon of the whites vigorously into the egg and pear, then fold in the rest with a metal spoon—the best way of doing this is to scoop the whites on to the souffle base, then to scrape up gently from the bottom of the basin, turning it with every scrape of the spoon.

Turn the final mixture into the souffle dish. Sprinkle the top with the remaining macaroon crumbs. Bake at gas mark 6, 400F for three minutes, then reduce the heat to gas mark 5, 375F. Allow 30 minutes in all, and do not on any account open the oven door before 20 minutes have gone by.

TRAVEL

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GLoucestershire COUNTY COUNCIL. Gloucestershire County Council Bill amounting to £2,000,000 were laid on 14th November 1979. The Bill is for the purpose of providing for the expenditure of £2,000,000 at a discount rate of 14 1/2% per annum. Applications should be made to the Council Office, Gloucester, Gloucestershire, by 12th December 1979. The total amount of bills outstanding is £2,300,000.

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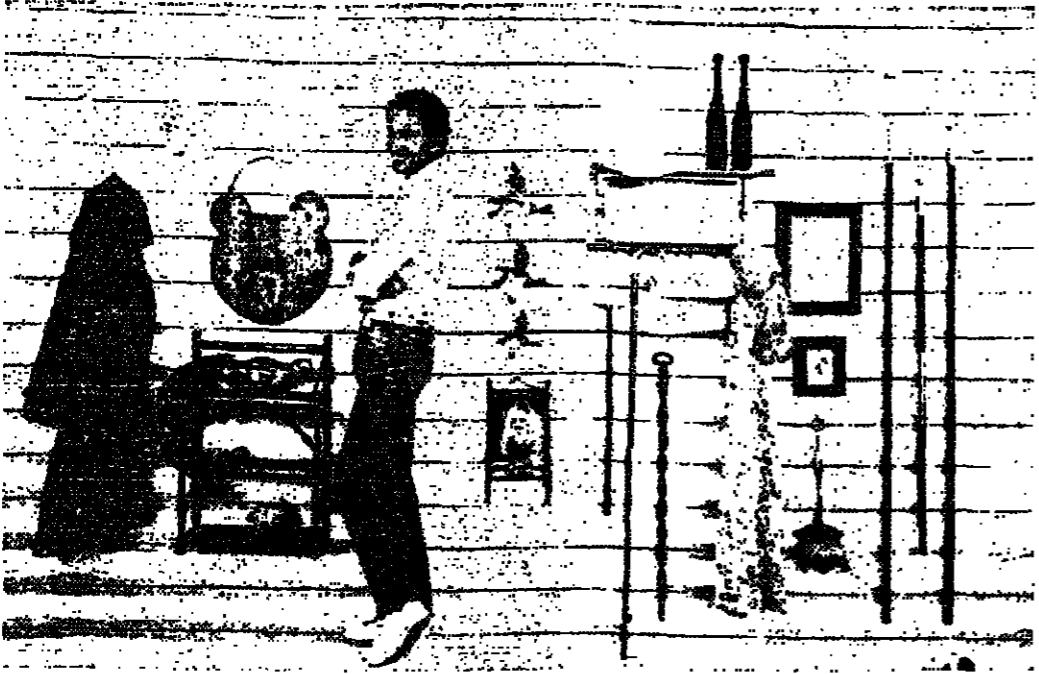
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HOW TO SPEND IT

هكاه من الشهر

by Lucia van der Post



Guided homes

IF YOU look carefully in the glossy magazines at the homes you most would like to have and try to analyse what it is that gives them their special character, in the end it is nearly always the relatively inexpensive but carefully chosen personal bric-a-brac. If you have taste, flair and are prepared to take trouble, you can get away with very ordinary and relatively inexpensive furniture. Colour, a gift for grouping, and an eye, are everything.

For those who need visual stimulation and love the bird's eye view of other people's homes that masses of glossy photographs of interiors give, Robin Guild has produced just the book. The Finishing Touch as he calls it, is about just that. He subtitled it, "Making the most of the things you own" (which he's seen doing above) and anybody paging through it will see at once just how much visual pleasure even

everyday things can give if they are put together and placed with flair and imagination.

In the book are colour photographs of the homes of some of Britain's most gifted designers but lest anybody feel that such a book could not possibly be for them, let me assure you that very often it is simply a grouping of umbrellas in a Victorian umbrella stand, some shells from a foreign holiday in an antique glass dome, or a collection of brass jelly moulds which can give the room a wholly personal look.

Robin Guild's book is a visual delight and, for good measure, there's a strictly practical section full of sensible advice on more down-to-earth matters like lighting, arranging pictures, hanging them, caring for marble, looking after furniture and so on. Published by Mitchell Beazley it is £13.95.

Lambing time

THERE'S SOMETHING about the idea of lamb straight from the farm that seems irresistible, though, of course, most lamb in the shops must have come from some farm. Most readers who live in country districts out of London will find advertisements in their local papers for farms that will sell meat directly to the customer. Londoners don't always find it so easy.

The meat is among the best you'll find and that it is inexpensive for the quality of meat it is. Having tried some of the lamb myself I can only say that it was about the most tender I have ever eaten.

Lamb, of course, is the meat in the news and if you can still bear to think about the subject, now is the time to buy it. Not only will prices probably go steadily upwards (they tend to do so as the winter draws in and if when the French bow to the Common Market ruling and sell our lamb, our prices are bound to increase) but lamb is now at its best—straight off the summer pastures.

If you have a freezer, now is also the time to stock it with lamb. 100 Acre Farms is currently selling its lamb at 60p per lb for a whole lamb pack

Horse sense

THERE can hardly be a family in Britain that isn't at some stage touched by the horse craze of one of its members. I remember the phase in our house only too well. It had one great advantage which was that all the rest of us could find presents for the horse-mad daughter for birthdays and Christmas for years. Her shelves are still full of all the books we gave her and her now forsaken toy-cupboard still packed with all the horsey paraphernalia—miniature horses and their tack—that once kept her amused for hours.

However, my abiding memory of those days is of the Sunday we hired, at inordinate expense, a horse-box to take her to her first gymkhana—she just had time for her pony to refuse two jumps before the skies opened and nobody else got on a horse all day.

Given that the horsey life must be filled with days like this, it seems astonishing that until now nobody has produced a practical waterproof saddle cover.

Mrs. Wynne-Williams, of the famous advertising family, has been involved with horses for many years and saw so many gaps in the market that she has set up a small mail order business which offers a whole host of ideas both for the horsey set themselves and for those looking for presents to give them.

Photographed here are two of the most useful ideas. The Saddle Slip, right, is a fully-enveloping waterproof cover which protects the saddle (and they are, after all, so expensive that it makes sense to look after them). Into the Saddle Slip you pack the saddle and with the shoulder harness it is easy to carry. There are four different models—for



general purpose (which will take tack too), for dressage, for jumping and for children. All three of the adult models are made from navy Bri-nylon material while the child-pony version is in red (for quick identification). Including the shoulder harness, the adult versions are £13.44 (p&p 25p) the child's version £14.38 (p&p 25p).

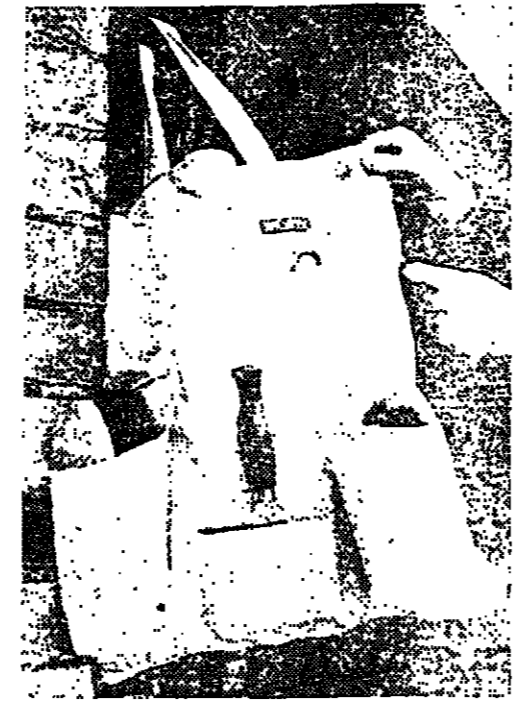
Another very useful idea is the tack bag left—all the necessary items can be stowed in the various pockets provided and the whole thing easily carried about to and from field, gymkhana or horse-show. It can be hung opened-up on a wall, where all the equipment is then visible and to hand. Conversely it can be zipped up in a moment. In buff or navy, it measures 18 in by 30 in when opened out or 18 in by 15 in when zipped up. If the horsey-phase is ever outgrown it can double up as a gardening or beach bag. £7.19 (p&p 20p).

If you want to view the items do be sure to make an appointment beforehand, telephone Newmarket 5359.

Wilwyn is the name of the mail order company and for a full list send a 10p stamp and your address to Wilwyn Animal Care, Newmarket, Suffolk CB8 0TG.

There are masses of other ideas like rugs, lined or unlined, waterproof over-trousers for riding or mucking out, hunting aprons, heat carriers, waterproof boot bags. You'll never need to worry about presents for a horse-mad relation again.

Yet another idea for the horsey child—Ann Moore, the well-known showjumper, has launched two cassettes of 80 minutes listening time altogether, in which she explains how to ride a pony and look after him correctly. The set is available from Neville and Harding, PO Box 4, Cranbrook, Kent, for £7.50 (p&p 35p).



Tray bon

ROBIN and Mary Ellis will be familiar names to many readers, for several years ago they started a small business of their own based on solid wood, hand-turned objects. They began with wooden eggs, all smooth as silk to feel, made from a wide variety of woods, both indigenous and exotic.

From there they began to make modern domestic wooden objects—treen, to give them their proper name—which were devised in conjunction with Susan Benjamin of Halcyon Days, 14 Brook Street, London, W1.

This year they have produced yet another idea based on wood. They had noticed that it was almost impossible these days to find good solid wooden trays of the kind that were once the staple of every bourgeois Victorian family. Many people, apparently, wanted them and asked for them in shops only to be told that nobody nowadays makes them.

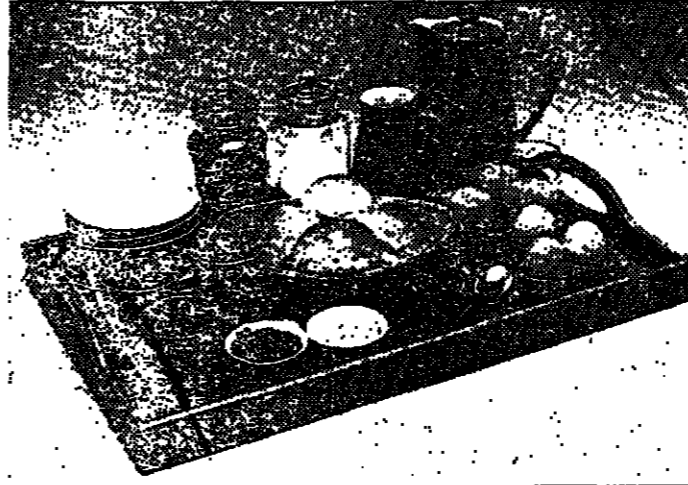
Well, here is a very good modern version photographed right. There is a series of trays of which I like the sturdy

butler's tray the best. In English Oak (pale corn colour) or Elm (soft brown), they measure 24 in by 16 in by 1 1/2 in and are £19.25 each.

For the rest of the series, there are tea trays made from a whole variety of woods—Indian Rosewood, American Black Walnut and English Yew. Personally, I like these less than the butler's trays. They are a little on the dainty side for my taste, but I expect they will be just what many people would like. In Indian Rosewood they are £38.55 and in American Black Walnut and English Yew they are £33.95. They all measure 18 in by 12 in and have gilt turned handles.

Finally, there is the cocktail tray, which is very plain, having no handles at all and measuring 18 in by 9 in. In Indian Rosewood it is £21.05, in American Black Walnut or English Yew it is £17.03.

All the prices quoted above include postage and packing when they are ordered directly from Robin and Mary Ellis, 4 Bartlow Road, Linton, Cambridge.



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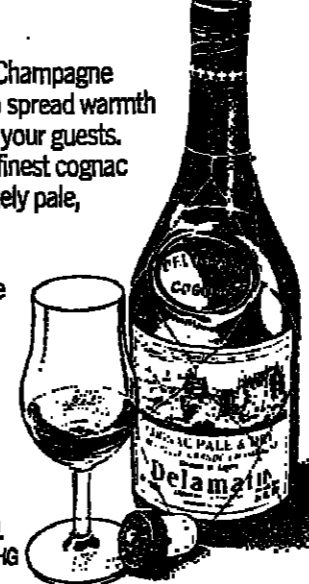
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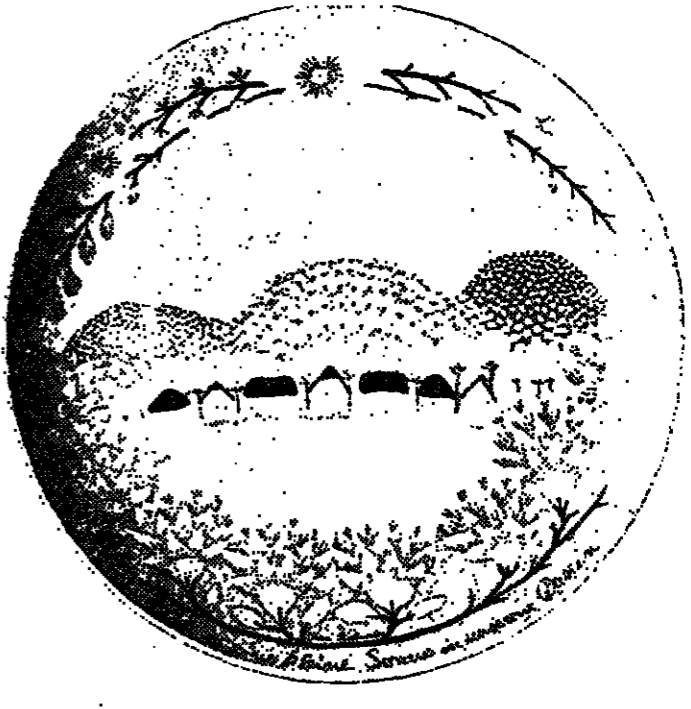
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Story on a plate

I'M NOT personally a collector of limited editions, but I know many readers are and look out for them each time a new one is brought out. Rosenthal plates are particularly popular and of the ones that I have seen the one below designed by the famous Yugoslav naive painter, Ivan Rabuzin, is far and away my favourite.

His designs are so popular that Rosenthal has had to limit the number of these plates available in Britain, so anybody who wants one should buy as soon as possible. It is part of the Rosenthal Story Teller series and is being issued in an edition of 5,000. Each one, as usual, is signed and numbered. The colouring is mainly soft pinks and greens as befitting the "naïf" scene. "Every flower is a little sun in our life," says the script round the side, and who am I to disagree? Price is £85 including postage, from Rosenthal Studio-Home, 102 Brompton Road, London, SW3. If you like Ivan Rabuzin's work there are also vases designed by him on view and sale at Rosenthal Studio-Home.



Present time

MOST children need a watch and for those who don't already have one, Christmas is a splendid opportunity to give one as a present. Parrots of 56 Fulham Road, London SW3, sells a very nice Mickey Mouse watch for £7.80 (including p&p) which most children would love. It has a beige strap and a round face with Mickey Mouse in the middle and straightforward numerals.

Particularly for boys, this sporty watch, left, seems to me phenomenal value at £11. It has a good tough sporty look to it, a smart dark French navy strap, and it not only seems to keep excellent time (I bought my son one over a year ago) but also gives the date. Buy it by mail from Swiss Time, PO Box 5, Seaford, East Sussex.



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Le Feu de Bois

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Although government permission has now been given for over 200,000 refugees to stay, an official State of Emergency has been declared and the only hope of survival for many refugee children is help from Save the Children.

As the only British relief agency in Thailand, we have mobile medical teams working continuously in refugee camps along the border. Supplies of food, drugs and clothing have already been sent in and more have to be found.

These supplies are the one chance of life for these children but without money from you, it will be denied them. So please give now—and give all you can.

Just write to: The Save the Children Fund, Dept. 261, Freeport, London SW9 0BR. (Your envelope does not require a stamp.)

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Top: Elegant bag for all ages with decorative gilt drop-in chain. 6 1/4" x 10 1/2" £45

Left: Classic style with lizardskin handle. 6 1/4" x 10 1/4" £44

Right: Roomy clutch or shoulder bag with heavy gilt drop-in chain. 6 1/4" x 11 1/2" £44

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1976 Jaguar 4.2 Auto. Lavender with Biscuit leather, air-conditioning, chrome wheels, P. registration **£5,695**

1978 Daimler Sovereign 4.2. Juniper Green, S. registration **£8,995**

1979 Jaguar 5.3 Auto. BR Green, T registration. (Lease-able) **£11,230**

1978 Princess Special Six Auto. Black, sunroof, tinted glass, PAS, S registration **£3,995**

1975 Rover 2200 TC. Black cloth interior, P registration **£2,495**

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MOTERING

Budget version

BY STUART MARSHALL

IT WAS ALL rather like meeting someone you hadn't seen for 20 years, expecting him to be different and finding out that really he had not changed at all.

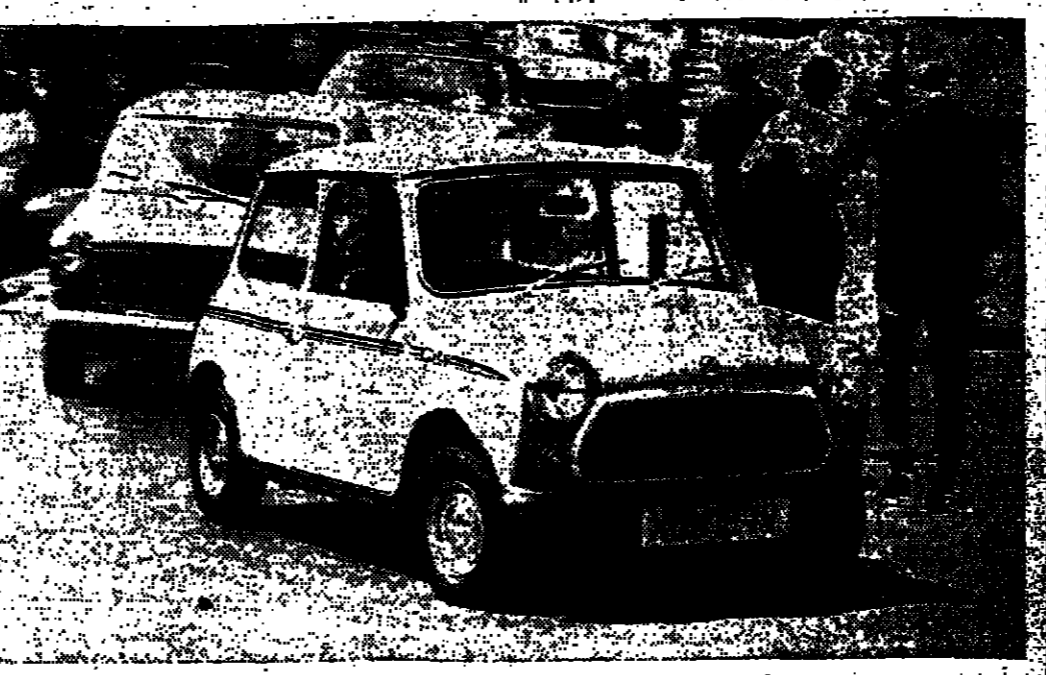
You remembered him as a cheerful little ruffian and reckoned that by now he would have settled down into maturity, even middle age. But no; he was the same willing worker, he still lacked polish and hadn't lost the habit of raising his voice unnecessarily.

If you haven't already guessed, I'm talking about a car, not a person. About the Mini, in fact. For the past week I have been using a Mini City—why not Mini City, I wonder?—which is the new name for the oldest and most basic Mini of all, the 850. BL Cars call it their budget version nowadays and even reduced the price by £123 compared with the previous 850 when it was introduced in the summer. It costs £2,989 and is surely the cheapest British made car though not the cheapest car on the British market. That title still goes to the Fiat 126 (£2,008) followed by the Citroen 2CV6 (£2,072) and Skoda 110R (£2,129).

Although it is cheaper than the old 850, the City has a nicer interior, with houndstooth check cloth seat panels instead of plastic. The exterior trim is mainly black.

I had not driven a Mini seriously for several years and had forgotten how accurately and almost twitchily quickly they steered. The seating position seemed less cramped and uncomfortable, at any rate for a 50 mile journey, than I had remembered. The steering column control for the two-speed wiper/wash and wash was a welcome improvement; the single dial with speedometer and fuel gauge was traditional but adequate. There was room for plenty of odds and ends on the front shelf. And the visibility over the almost non-existent bonnet was so good one was encouraged to make use of every square inch of road space when squeezing through heavy traffic.

The Mini always has been at its best in crowded traffic and the "City" tag could not be more appropriate. It is rare indeed to be stuck for parking space in a Mini. One occupying a meter bay all its own still looks like ridiculous extravagance.



The short vertical gearshift was much better than the old whipper one that always felt about three feet long. I'm sure customers of the up-market Minis are right to demand wind-up windows, but I'm equally convinced many City owners would put up with sliding glass so they could have those marvelous door panniers again.

Each, as I recall, would easily hold six bottles of wine. There are still a couple of bins in the back, but they are too awkwardly placed to be of much use for stowing shopping.

On paper, the Mini City's performance is negligible (70 mph maximum and about 21 seconds from a standstill to 60 mph, thrashing the engine and snatching at gears) but in practice it more than holds its own in town. Fuel consumption is very good—

Off target

LAST YEAR it was motorway restaurants. This year, Egon Ronay's Lucas Guide loses of a roadside at another sitting duck—airline meals. If the intention was to get some cheap publicity, the attack was successful. But it really fair? Far be it for me to champion airline food or motorway meals—I have more than enough of the former and manage to dodge the latter—but isn't it time Mr. Ronay came down to earth?

The last place anyone sensible would go to for a gourmet meal is a motorway service area and Britain, believe me, has no monopoly of nasty roadside eating places. And surely what air travellers pay for is fast, safe transportation, not fancy

food? An adequate meal to break up a journey is one thing; haute cuisine is another. Any traveller who can't do without a gastronomic feast for a few hours can always go first class. In my experience, the food up front is often as good as you would find in a smart, expensive restaurant that isn't moving through the air at 600 miles an hour, five miles up.

Also, it seems odd that Mr. Ronay has not included in his airline league table major carriers like Singapore Airlines, Lufthansa, SAS and Japan Air Lines. I can't recall having had a poor meal on any of them. If the Ronay organisation is looking for a target for his 1981 edition, I recommend British hotel prices.

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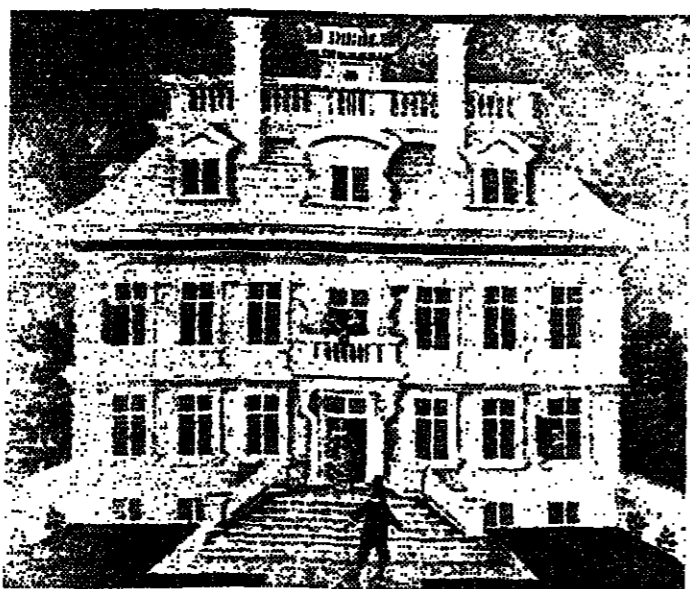
BY SYLVIE NICKELS

JOHN HARRIS is curator of the drawings collection and Heinz Gallery of the British Architectural Library and an architectural historian who contributed to the chilling exhibition of "The Destruction of the Country House" four years ago, as well as to this year's "The Garden" exhibition. His new book "The Artist and the Country House: A History of country house and garden view painting from 1540-1870 (Sotheby Parke Bernet, £27.50) offers a massive collection of over 400 paintings, prints and drawings which provides at once an evocative survey of the English country house over three centuries and a close historical analysis of the art of "estate portraiture."

Mr. Harris traces the origins of the art to the exquisite castles depicted in Pol de Limbourg's illuminations to Les Tres Riches Heures du Duc de Berry of 1416; but pictures of great houses were apparently few and far between in this country before the Restoration in 1660. Indeed, some of the most notable early examples are engravings of English houses published abroad, during their owners' exile—perhaps in some spirit of nostalgia. In Amsterdam Wenceslaus Hollar ("who raises topography to the level of poetry") etched a series of illustrations of Arundel House, in the home of Thomas Howard. In the same city, a little later, Abraham van Diepenbeck, in engraving his monumental plates for the exiled Duke of Newcastle's La Méthode Nouvelle et Invention Nouvelle de Dresser les Châteaux, included little vignettes of the Duke's temporarily abandoned castles at Ogle, Wolbeck, Eboisover and Bothel (which Mr. Harris calls archaically "Bothel") and incorrectly places in Cumberland).

Nostalgia may have lent enchantment: Diepenbeck's Ogle Castle rears up in a riot of dainty spires, a fairy palace that it is hard to imagine on the bleak site of the present castle, a modest mansion of around 1700.

The Restoration brought an influx of Flemish and Netherlandish painters who practically monopolised the market in painting country estates. Not the least value of Mr. Harris's careful documentation of these artists is that it may provide some antidote to the old habit of indiscriminately attributing



Wisbech Castle, Cambridgeshire. Anonymous painting c. 1658-9

any bird's-eye view from the ground level, the artist had to simulate an aerial view, usually producing an effect of being taken some 50 feet in the air. This collection of pictures reveals Jan Siberechts (1627-1703) as a notable master of the bird's eye view, the equal of Kniff, faultless in perspective and catching such charming details as the washing spread out to dry in the gardens of Wallaton Hall (1682), or a calf, alarmed by Lady Pemberton's coach as it drives away from Highgate Grove in 1686.

The bird's-eye view probably served the purpose of a more decorative sort of estate map. Towards the end of the century there becomes evident a more positive interest in the architecture of houses for its own sake. The ill-fated Henry Winstanley, who perished with his own Edgworth House in 1703, intended to publish a whole collection of Noblemen's Seats; and alongside the bird's eye views and the obvious architects' designs, begin to appear more self-consciously "picturesque prospects" of houses and gardens, in which the proprietors pose in pride of ownership.

Changes in the social habits of the landed gentry in the second quarter of the 18th century provided further impetus to this style of house portraiture. Increased travel, at home as well as abroad, stimulated the work of peripatetic topographical artists like Samuel and Nathaniel Buck.

Challenge for Lorna

LORNA VINCENT this afternoon bids to become the first woman jockey to win at Ascot over fences and hurdles. The popular West Country rider who has already partnered around 30 winners under NH firmly on the Buchanan Whiskey Gold Cup. She will be aboard the 7-year-old Gently Does It. On the corresponding afternoon a year ago Gently Does It provided her with the winner of the Whiskey company's sister race, the Buchanan Whiskey Hurdle. Although Gently Does It is an improving sort and one bidding for a fourth successive victory, he will have to improve

RACING

BY DOMINIC WIGAN

dramatically on an "all-out" recent Worcester victory to figure in the shake-up.

His rivals include I'm a Driver and Night Nurse. The last-named does, at last, seem to be feeling the effects of an exceptionally arduous time over the past few seasons and I shall be siding with I'm a Driver.

Although Hikari has been declared to run in the Buchanan Whiskey Hurdle, I suspect we shall see him announced as absentee. Irrespective of whether he runs or not the Newmarket-trained Regulus is probably the one they will all have to beat. He is ridden (as I'm a Driver) by Tommy Carmody, top priced at 11-2 by the tote for the Jockeys Championship.

Norfolk Dance was in no way disgraced when beaten by a fitter rival in Lumen at Newbury last time out and he is given a reasonably confident vote for the Silwood Hurdle. Haydock or Teesside will see the long-awaited re-appearance of I'm a Driver's illustrious stable companion, Gay Spartan. Dickenson plans to give the Gold Cup hope a race at Teesside on November 27 or on the Lancashire course a day later.

Incidentally Haydock sees two new sponsors on November 28 and 29 in the Sporting Chronicle and the Vaux Breweries.

SELECTIONS

- 1.00—Spider Man
1.35—Norfolk Dance***
2.05—I'm a Driver*
2.40—Regulus**
3.10—Tiepolino
3.40—Palace Dan

BRIDGE

E. P. C. COTTER

MY FIRST example today was dealt by East at game to East-West:

N.
K 6 4
8 5
J 5 4
A 6 5 4 2
W.
Q 9 6 3
A 8 6 2
J 8
K 10 9
E.
7 5
A 6 5 4
Q 8 5 4 2
S.
K 8 2
K J
K Q 10 9 3
A 7 3

After East had passed, South bid one diamond, North said one heart. South rebid one no trump, and after a raise to two no trumps from his partner became declarer at a contract of three no trumps.

West's opening lead, the heart Queen, was allowed to win. South was an expert, and to him the duck was automatic. He could see at once that this was the classic position for a hold-up with two stoppers. This hold-up must be made if there are two enemy controls to be forced out—in this case the spade and diamond Aces—in order to eliminate the guess as to which suit should be attacked first.

South discounted the case where West held five hearts and both the missing Aces, for that meant inevitable defeat. He worked on the assumption that West had five hearts and only one Ace, and so he let the Queen win, a manoeuvre which, as the cards lay, ensured the contract.

After winning the second heart, declarer led a diamond to the Knave. East won, but as he had no card in his partner's suit to return, his lead had been deprived of any real value.

In the same way, because the heart suit was not yet established, West's Ace of spades had lost its lead-value, and the declarer was able to set up

the one spade trick needed for his contract without danger.

Oh! We know all about holding up with two stoppers, you say. Agreed, but the whole purpose of this first deal is to give a background for my second example:

N.
K 6 4
8 5
J 5 4
A 6 5 4 2
W.
Q 9 6 3
A 8 6 2
J 8
K 10 9
E.
7 5
A 6 5 4
Q 8 5 4 2
S.
K 8 2
K J
K Q 10 9 3
A 7 3

South stayed out of the unmakeable no trump game, but by rather aggressive bidding found himself in four hearts, after opening with one heart at a love score.

He won West's club Queen with the Ace, East unblocking with the King, and led a heart. East won the second heart lead and returned the club three. The declarer ruffed, drew another round of trumps to discover the 4-2 break, and realised that he could not draw East's last trump before the diamond Ace had been removed. West took the diamond switch, forced the declarer with another club, and defeated the contract.

Why did South go down? The apparent cause of defeat is the fact that East held four trumps, but the real cause is that East, when in with the Ace of hearts, was able to return his partner's suit.

Here we are, then, back at the same principle—the hold-up with two stoppers. Where is the second stopper? you ask. It is the nine of hearts. This card is a busy trump, to use Culbertson's expressive term, and its business is to stop the clubs.

The correct play is once again to duck the opening lead. East overtakes and returns the club three, on which declarer throws a spade. Now when trumps are led, East's Ace has lost its lead-value. The nine of hearts is there to ruff a club after the diamond Ace has been removed.

SOLUTION AND WINNERS OF PUZZLE No. 4,122

Following are the winners of last Saturday's prize puzzle:

Mr. R. Gedling, 27 Wallace Fields, Epsom, Surrey KT17 3AX.

Mr. A. Leese, 53 Chieveley Drive, Tunbridge Wells, Kent, TN2 5HQ.

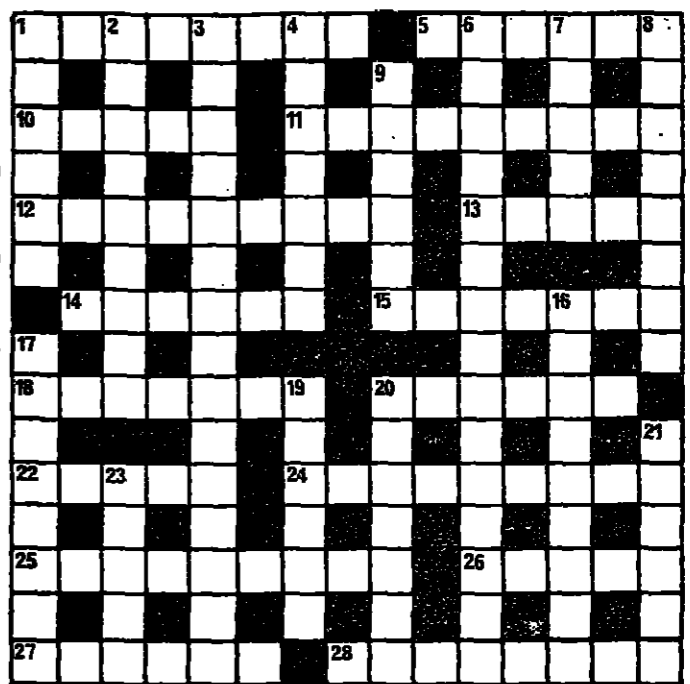
Mrs. M. M. Thomson, 54 Strachan Road, Edinburgh EH4 3RC.



F.T. CROSSWORD PUZZLE No. 4,128

A prize of £5 will be given to each of the senders of the first three correct solutions appearing. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name:
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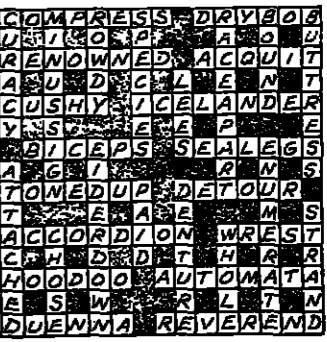


ACROSS

- 1 Pattern set when agency typist departed (8)
5 Puts back gold in a state of lethargy (6)
10 Share out article left by chance (5)
11 Triggers found by radio operator no longer available (6, 3)
12 Suggest that it was in sin you ate by the sound of it (9)
13 Part of lifelong attachment of crook (5)
14 Spoil Aunt Sally under water (6)
15 Small poster is about a pound (7)
18 Mean to declare on time (7)
20 Boli down two short months (6)
22 A doctor about to return a warning light (5)
24 Strange tales are finished and they slip by (5, 4)
25 Throw gold on fuel used as medicine (6, 3)
26 Stagger into a labyrinth (5)
27 In mood maybe for masked disguise (6)
28 Stopped a communist who embraced the others (8)

- 3 Lower one's capital cover and abandon restraint (7, 4, 4)
4 Departure with a will during trial by airman before end of day (7)
6 Abscond to holiday in Britany maybe (4, 6, 5)
7 Front of ship left in search for prey (5)
8 Engineers' gaudy dress for purifying plant (8)
9 Stroke has trouble on board (6)
16 Month the French rave about person making legal affirmation (9)
17 Graduate knifed for giving all sides of the question (8)
19 Station disorganised on Tues. (6)
20 D—Dickensian is a resident (7)
21 Turn up for a motor-cycle race before finish (6)
23 A brush could make me sob (5)

Solution to Puzzle No. 4,127



DOWN

- 1 Something to smoke turns up after a sort of square like King Lear (6)
2 Drink extorts money from a swimmer (4, 5)

Christie's Fine Art Auctioneers since 1766. Experience & Expertise No. 396. By a fortunate chance of seasonal timing, Christie's sale of Russian and Greek icons on Friday, November 30, comprising precisely 240 icons, includes an exceptionally large and good 17th century Russian icon of St. Nicholas (Lot 131 illustrated above).

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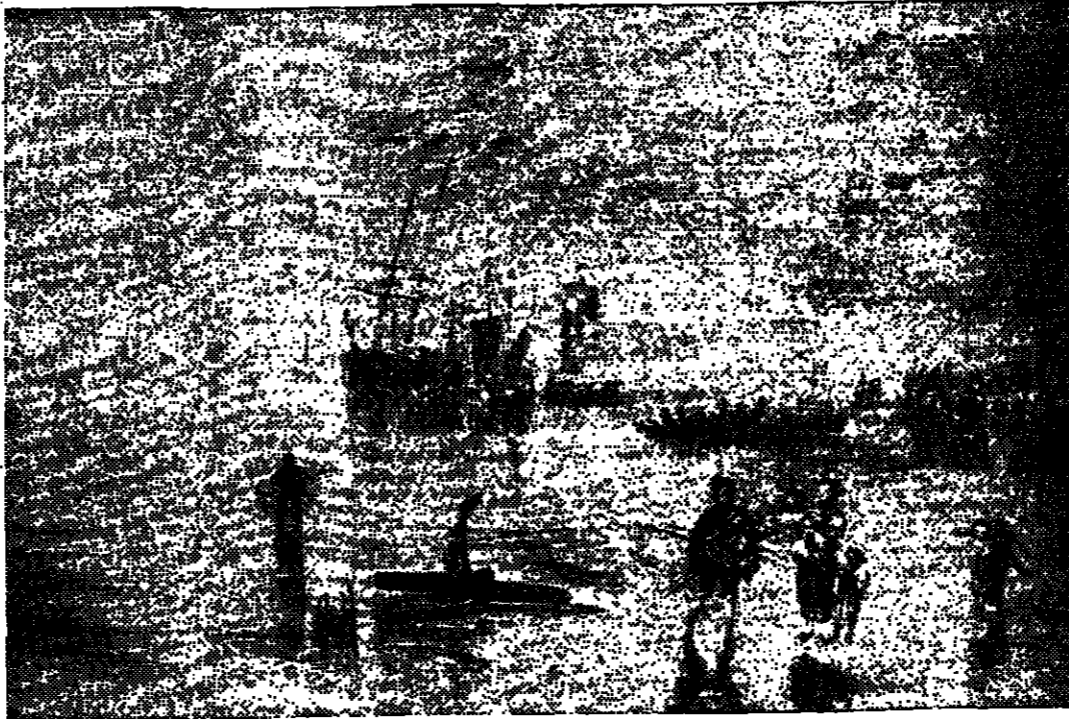
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CINEMAS CONTINUED ON P. 30

FINANCIAL TIMES SURVEY

Saturday November 17 1979

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MOTOR SPORT

Motor sport is big business. Sponsors inside and outside the car industry invest sums up to seven-figures to attract publicity to their products. Although energy resources grow scarcer, the number of sponsors increases and there are more than 20,000 competitors in the UK to take their money.

SAAB Born to Lead

The Saab name has been carried by only five basic model ranges since the company built its first car, and yet in that thirty years, Saab have been responsible for more truly technical design innovations than any other manufacturer.

Self repairing bumpers, headlamp wash/wipers, diagonally split braking systems, side running lights were all Saab firsts.

The Saab 900 range has a design that embodies the very latest developments in the traditional and uniquely Saab fields of roadholding, safety, and reliability. The Saab 900 is powered by the legendary rally proved Saab 2-litre overhead camshaft engine, equipped with fuel systems ranging from the efficient 100b.h.p. single carburettor to the electrifying 145b.h.p. turbo.

For the 1980s the Saab 900 represents the ultimate in road behaviour, driving pleasure, elegant comfort and down to earth versatility, characteristics shared by every one of the 900 range.

Test Drive any of the new Saab 900 models, because only then will you truly know why Saab are - Born to Lead.



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Born to lead

SAAB (Gt. Britain) Ltd., Saab House, Marlow, Bucks. SL7 1HY. Telephone: Marlow (06284) 6972. Export enquiries - Telephone: 01-4912905.

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change
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MOTOR SPORT II

Car makers rally to catch the eye of 2m enthusiastic customers

JOHN GRIFFITHS explains why manufacturers pour millions of pounds a year into racing and rallying

FOR FOUR days and three nights from 9 am tomorrow, Chester, a normally staid and elegant city of 80,000 in the North-West of England, will lie at the heart of a sporting but, in commercial terms, deadly serious battle. The combatants comprise much of the world's motor industry.

From the Soviet Union to Sweden, Turin to Tokyo, manufacturers have been converging to take part in the 27th running of the Lombard RAC Rally of Great Britain, the penultimate round of this year's World Rally Championship end, with the Safari and Monte Carlo rallies, the most prestigious. To most of the claimed 2m spectators who will watch the event "live" during its 1,700-mile progress through England, Wales and Scotland, it is sport, to vehicle, tyre and other component manufacturers, it is an integral part of the struggle for market shares as the advertising campaigns on which the industry spends so heavily.

efforts are officially underwritten financially by their respective dealer networks and outside sponsorship, but never theless enjoying the tacit approval and support of headquarters across the water. Eastern Europe's industry is represented by three Soviet Ladas, a team of East German Wartburgs and by the Czechoslovakian Skoda.

disbelief when it is put forward, as the organisers do, that 2m people really turn out for the "RAC." But 110,000 people have been recorded as paying to watch the cars' progress through a few miles of Sutton Park, near Birmingham—more than attend Britain's other main motor sports event, the British Grand Prix. And Sutton Park, although one of the best attended, is just one of the 39 competitive stages of this year's event which itself, as a gesture to fuel concerns, has been shortened by 10 per cent.

With the notable exception of turbocharging development, however—a grand prix route first pioneered by Renault, now followed by Ferrari and Alfa Romeo—the extent to which the open is justified by reality is open to doubt. Grand Prix racing has come increasingly to be criticised, even from within, as a wasteful formula which could play a significant role in the development of more fuel efficient engines, but which, under present rules, in most cases does not.

Biggest effort

Since the cars used bear an obvious visual relationship to what is actually sold in the showroom—though in most cases the differences under the skin are enormous and the would-be purchaser of a "works" specification WRC car would get little change out of £15,000-£20,000—it is into rallying that the majority of volume manufacturers have thrown most resources.

Nevertheless, although the more senior levels of motor racing tend to be the special preserve of the smaller, more performance-orientated manufacturers such as Porsche, a number of the volume makers also take part in, or encourage, the racing of their products, mostly at more junior levels: Renault, Ford, BL Cars, BMW and Mazda have all run or are running championships specifically for their volume cars to specifications which are close to their standard showroom models.

BMW, however, also runs its exotic £40,000 M1 coupes in the Procar series which it has organised jointly with the grand prix circus, and which eventually will compete, mainly with Porsche, in World Championship of Makes sports car racing.

Increase

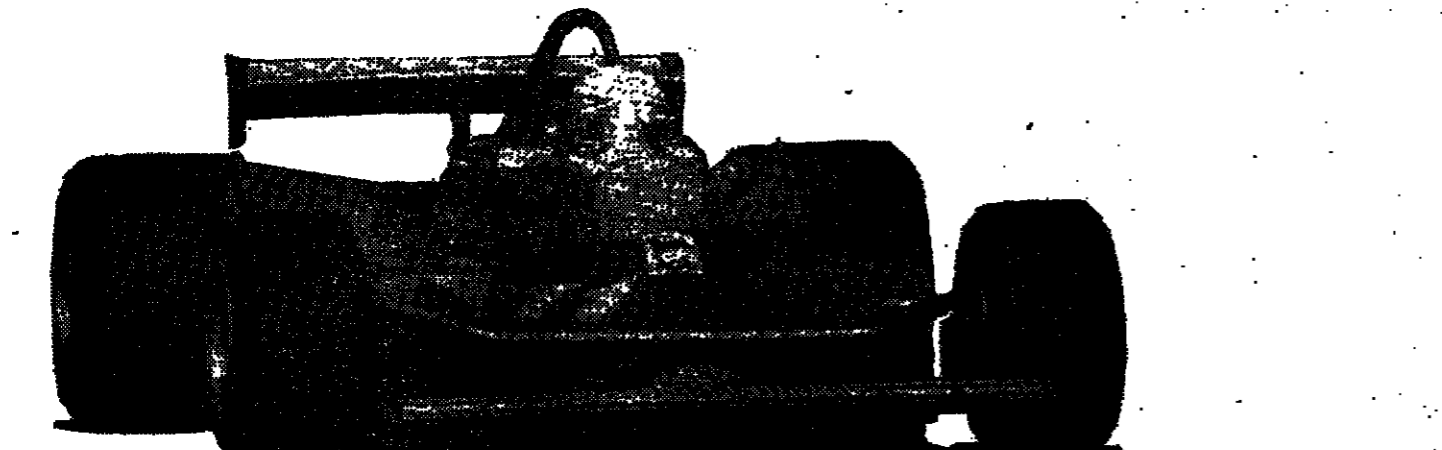
Paradoxically, the number of manufacturers involved has increased rather than diminished since the onset of fuel crises in the wake of the Yom Kippur war. Of the 26 manufacturers selling cars pitched at the volume market in Europe, 16 are represented at "works" level on the RAC, virtually all of them when private entries are included. Ford, Fiat, BL Cars, Talbot, Saab, Lancia, Audi, Autobianchi, Datsun, Toyota and Mazda all have formal representation.

General Motors' European arms, Opel and Vauxhall, despite the official "no competition" policy of their Detroit parent, are both present in a quasi-works capacity. Their

When confronted by statistics pertaining to the Lombard RAC Rally, at least some of the basis for that conviction becomes apparent. Marketing and promotions managers previously acquainted with the event have a tendency to scratch heads in

When the flag falls at the start of the Lombard RAC Rally tomorrow, the Escort RS of Hannu Mikkola will lead the cars away towards what many expect will be Ford's eighth successive win in the event. It already has the 1979 World Rally Championship sewn up—a feat made somewhat easier this year by the decision of Fiat, the 1978 title-holder, to take part in only selected WRC rounds.

Win or lose, the RAC will mark the end of a 17-year unbroken involvement in international rallying by Ford, a company which probably more than any other has benefited from motor sport. Stuart Turner, Ford UK's public relations director, whose own association with competition stretches back over management of the spectacularly successful Mini Cooper programme of the 1960s and, later, Ford's own competitions programme, states emphatically that it has been a major catalyst in changing Ford's early-1960s image of a utility car maker to one spanning the spectrum of age and earnings.

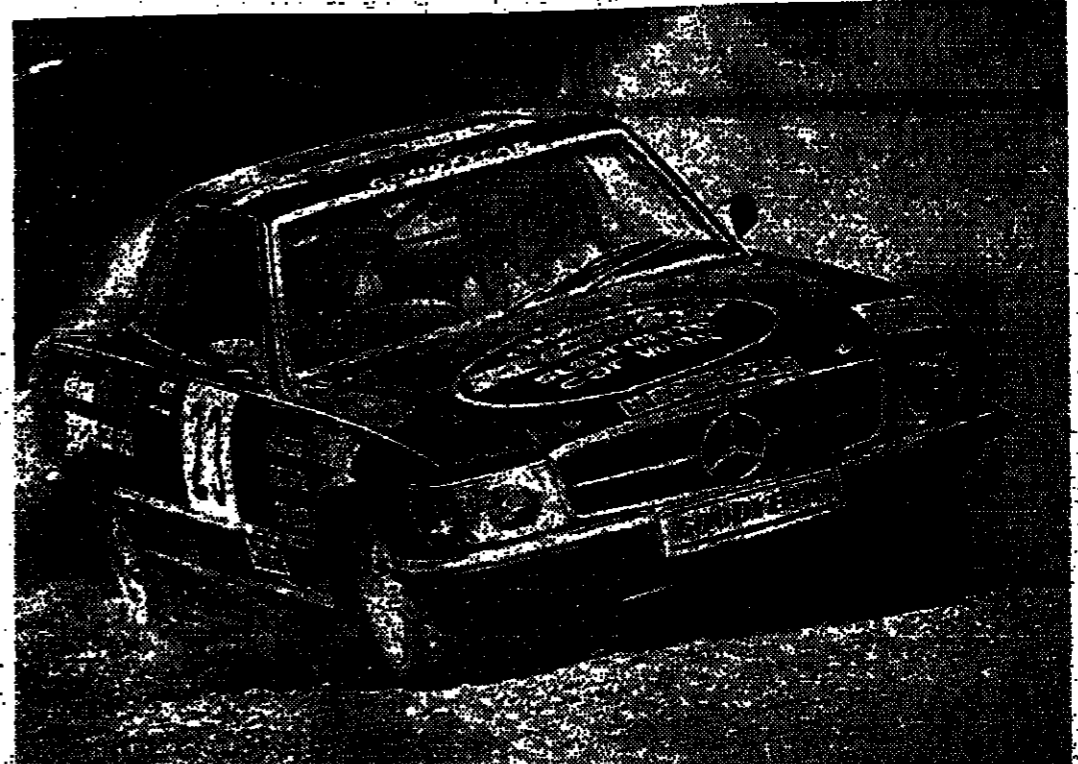


What took Jody Scheckter to the World Championship also takes your wife to the shops.

Jody Scheckter's winning World Championship Ferrari 312 T4 is fitted with a Borg & Beck clutch and Lockheed brakes. As are countless other winning cars in Grand Prix racing and major rallies, including last year's Lombard/RAC Rally winner. The vast majority of British cars—90%—also start life with one or more AP components. And the experience we've gained on the track, we've put to good use in the High Street.



Automotive Products Limited, Leamington Spa, Warwickshire. Manufacturers of Lockheed Brakes, Borg & Beck clutches, Lockheed steering & suspension, AP filters, AP silencers and AP automatic transmissions.



Mercedes' presence is expected on world championship rounds next year

holders in the UK alone and that even the most shoe-string solo effort on an event such as the RAC would leave no change out of £1,500, with the average many times that much, quite apart from the initial acquisition of a vehicle. For many, where corporate objectives have been clearly identified, the investment can be a sound one—epitomised by Imperial Chemical Industries' third year of involvement in Formula II racing in Europe, where the cars used have provided a mobile test and demonstration bed for a variety of paint and plastics products of which ICI has been concerned to increase sales to Europe's motor industry, and at the same time increase corporate awareness across the Channel.

Yet manufacturers and competitors alike concede that motor sport, more than any other, has accumulated a trail of disappointed or disillusioned sponsoring companies. Most problems arise at lower levels, and from competitors over-selling themselves and failing to deliver the goods—a compre-

hensible if inexcusable situation given the peculiarly high costs of the sport—and companies failing to identify precisely what they are seeking to obtain from sponsorship or failing to carry out essential follow-up promotion. The investment made by the major manufacturers in motor sport is substantial, if small in relation to turnover. The Fiat combine almost certainly is the biggest spender, with a budget this year of some £6.5m covering the grand prix racing activities of Ferrari, the racing and rallying activities of Lancia and the Fiat rallying programme.

Ford takes time off to look at major changes for the eighties

WHEN THE flag falls at the start of the Lombard RAC Rally tomorrow, the Escort RS of Hannu Mikkola will lead the cars away towards what many expect will be Ford's eighth successive win in the event. It already has the 1979 World Rally Championship sewn up—a feat made somewhat easier this year by the decision of Fiat, the 1978 title-holder, to take part in only selected WRC rounds.



Fiat's 131 Abarth—a front wheel drive successor?

if they were to be outright winners—and Peter Ashcroft makes clear that it is only overall wins which are of interest to the manufacturers. Fiat/Lancia and Renault, the most powerful voices in European rallying, have declared themselves in favour of the "supercars," but it is really a question of covering their bets: Lancia already has the basis of a super-car, both in the form of the Lancia Stratos, a past world championship winner making another one of unpeeped "final" appearances on the RAC Rally, and in the Lancia Beta Monte Carlo Turbo, on which the group has concentrated much, successful effort this year in the World Championship of Makes sports car racing. At the same time, for the 5,000-car category a 2-litre Strada/Ritmo is also in the offing.

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Committed

General Motors is committed to the principle worldwide. In Europe, the new fwd Opel Kadett recently replaced their rear-driven forebears and the UK version, the Vauxhall Astra, will soon go on sale—although the Chevette is to continue in production. But the eventual Ascona/Cavalier replacement is expected to take the same fwd route and the same applies to the volume cars of other makers, including Fiat's 131 Mirafiori which provides the basis of Fiat's own rallying efforts.

company started in 1949, no one has yet been able to make a fwd car go nearly as quickly on the rough, loose-surfaced roads used for rallying as a rear-wheel drive vehicle. While it is likely that the Escort in its present form could still be winning world championship events two years from now, because the prime purpose of competition is to promote sales, there is an obvious contradiction between bringing in a "new, improved" model and having to use the old one to compete successfully. The front wheel drive problem in competition is two-fold: rapid acceleration on loose surfaces is a major requirement for a rally car, but whereas weight transfer under acceleration gives extra bite on a rear wheel drive vehicle, it reduces it on front wheel drive cars; at the same time, the driven front wheels have to cope with the conflicting forces and enormous stresses, of both directional changes and forward propulsion—a problem which saw Saab initially plagued with broken driveshafts when its 2-litre Turbo cars first took to the rally circuits this year.

Not least among the grouches is that the cost of moving cars, teams and support services around the world for up to a dozen events in a year is starting to get too high even for the manufacturers. "What we'd really like to do is get the number of rounds down to about eight, and build it up like grand prix racing, with everyone taking part consistently and promoting the drivers as grand prix-type personalities," says Peter Ashcroft. As yet, however, while there has been a lot of talk, there are no really positive signs of the manufacturers getting together in the manner of grand prix racing.

Mid-engined Renault, despite early promise, failed to make quite the impact it wanted with its front wheel drive Renault 5 Alpines, because the appearance of the 250 bhp Turbo. It is mid-engined, thus reducing the tiny 5 to a two-seater, and would tend itself well to the "supergroup." That leaves two notable relative newcomers to world championship events: next year's Mercedes, which is understood to have secured the services of Hannu Mikkola and Bjorn Waldegard—probably the world's top two drivers, being released as a result of Ford's withdrawal—and Audi. The latter has a sporting pedigree stretching back to pre-First World War days but, as the company admits, it is hardly reflected in its current products. On this year's RAC, Audi is running a three-car team of 80s which, with only 160 horsepower, are hardly going to be among the front runners. But Audi has committed itself to a major three-year programme aimed, specifically at winning the world championship and its competitors' support. Jochen Stockfisch has indicated that there will be a much more powerful car next year. The world is around that Audi's five-cylinder 2.2 litre engine will be deployed in turbo-charged form (a less powerful turbo-version, with 200 horsepower, is due to go on sale in March as the Audi 300, a top-of-the-range road car). Audi's engineers are also reported to be looking closely at a vehicle of near-revolutionary dimensions: a four-wheel-drive car in which drive through front wheels only or rear wheels only could be selected on the move. If such a device works, and there are some, recalling the failure of 4wd in grand prix racing, who are sceptical—clearly the Audi would be at least a contender in the limited supergroup series. But there are some indications that Audi's thinking extends beyond that—and that the 4wd car would be produced in quantity as a full road-going car to fit into the upper end of its model range. J.G.

Forcing power from small packages

IN THE wake of the 1974 oil crisis it became obvious to the management of Saab that it had to make some clear-cut decisions on which direction the company was to take if it was going to survive. With an annual output of well under 100,000 cars, it simply was not viable to go to the bottom end of the market, so it decided to go in the opposite direction. Mercedes and BMW were able to secure a niche which survived the downturn; it was considered that Saab could do the same.

The trouble with that thinking was that Saab needed a much more powerful engine, and the costs of developing an entirely new one are enormous even for volume makers.

Saab was the earliest to decide that turbocharging of an existing engine was the way to go, in that it provided a small (2 litres), very efficient unit at low unit and development cost. Thus the Saab 99 and its recent, larger 900 derivative—the only cars now made by the Swedish concern—has developed to a remarkable extent from the first 1.7-litre, 80 hp 99 which appeared in 1969.

Current output from the engine of the 99 and 900 Turbo models is 145 bhp—with a lot more to come. Much of the development work is being, and will continue to be, done on its rally cars, for Saab is unusual in putting research and development ahead of promotion in its competition activities.

Twice the size

The rally vehicles currently are providing 255 bhp, with a very similar torque figure over much of its operating range, an unusual situation in that most competition cars provide all their performance over a comparatively narrow power band near maximum engine revolutions.

In its road application, the turbo's advantage is that if the car is used gently, the turbo-charger feeding the fuel/air mixture into the combustion chambers under pressure from a turbine driven by the engine's exhaust gases—does not come into play and fuel consumption is the same as any other two-litre. On the other hand, when the foot is pressed hard down, the performance provided, and fuel consumption, is akin to that of an engine twice the size.

It is a concept which has proved to be of considerable value to Saab, which was first

into the market with its roadgoing 99 Turbo two years ago and which will not be followed by any European volume manufacturer—to some extent, one must exclude the successful 924 Turbo sports car launched by Porsche this year—until March, with the appearance of the Audi 200 Turbo.

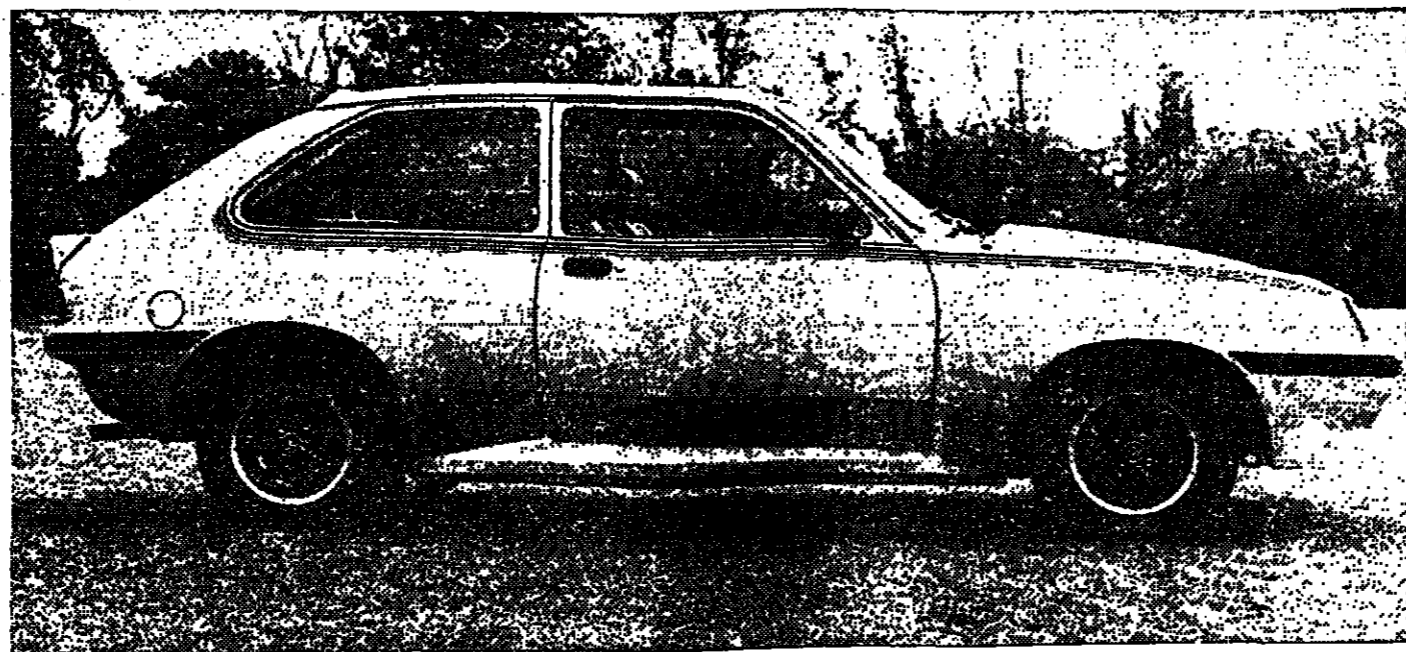
In Britain, at least, Saab's problem is that it is becoming harder to sell its less expensive, non-turbo cars. Its British market this year, expected to be 10,000 units, should show a 50 per cent growth overall over last year—but, although from a small base in 1978 of little more than 400 cars, growth in its turbo range is expected to be of the order of 235 per cent.

Saab believes that this growth is coming from wealthy buyers trading down from Jaguars and other larger cars, a move that would have been virtually unthinkable a decade ago. But they are doing so very selectively, suggests Saab GB's marketing director Roy Clements. That Saab is benefiting substantially from the business he attributed at least partly to the turbo "mystique."

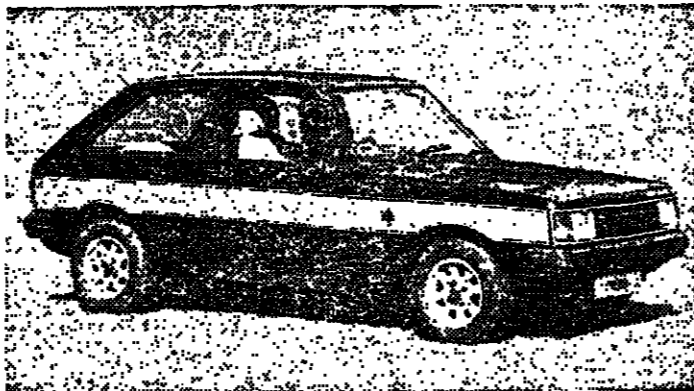
"They are people worried not about fuel consumption, because they can afford it, but because socially it's the in thing to do. And despite all the energy problems, despite a fashionable disdain for exotica, lurking beneath there is still the virility thing which is going to take a long time to be shaken off. These people wouldn't go to a Marina, but they are coming to us, partly because of the car's relative exclusivity, partly because of the turbo allure and, no doubt about it, partly because we can say 'hasn't it done well in rallies?'"

"We have to exploit this in a subtle way, suggesting that the car itself is so good it can win rallies almost as a by-product. Ford have to be more aggressive about it; in the lower markets with the Escorts they are probably selling cars specifically because they do win rallies."

Support for Saab's view is reflected in the actions of others in the industry. The main intent of Chrysler, now Talbot, in producing a 2.2 litre Lotus-engined version of its down-market Sunbeam hatchback was originally merely to satisfy the requirements of the international competition authorities that 400 be built in two years for the car to be eligible to take part in world rally championship events.



Somewhere under there is a Chevette—Vauxhall's £7,000, 2.3 litre HSR



Talbot's 125 mph Sunbeam Lotus—a minimum of 4,500 are being built

However, it was felt that the growth of sporting saloons, as substitutes for the more rigorous environment of open sports cars, was such that, even with a £7,000 price tag, it should be able to sell a lot more than the basic production quota for competition. The result was that Talbot and Lotus now have a three-year agreement to build at least 4,000 of the vehicles. That is small in comparison with the equivalent, though rather slower, Ford Escort, of which nearly 25,000 have been sold in the UK alone since 1975 and which is marketed all over Europe. But it does appear to indicate a trend.

Vauxhall, faced with a similar minimum production

requirement for competition, developed its twin-cam 2.3 litre Chevette as a roadgoing car, with a price tag of just under £6,000. It has just turned out a further upmarket version, the HSR, pitched at the same price as the Sunbeam, and is currently developing a single-cam version of the 2.3 litre car which it expects to sell in rather greater volume considerably further down the market.

There have been similar developments by Fiat, with its 2.3 litre Mirafiori Sport (called the Racing in Europe) launched late last year. Opel's high-performance 1900 version of the Corsa is now going on sale, and the limited edition 1900 cc versions

of the 16-valve, 2.4 litre Ascona 400 with which it is about to tackle the world rally circuit.

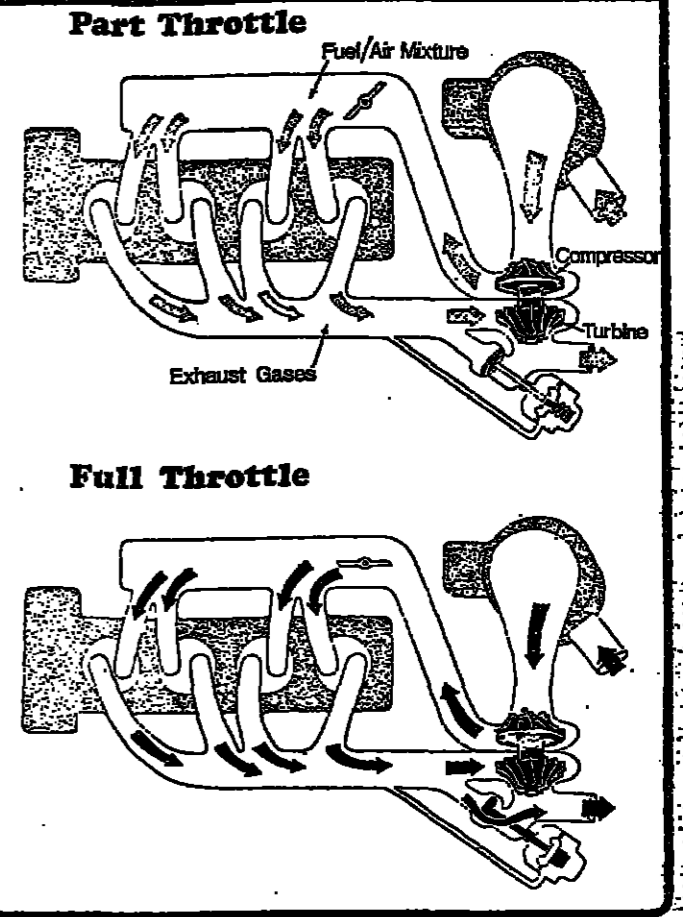
The share of overall car markets taken by the sporting saloon sector, itself hard to define precisely in that it ranges from the Saab Turbo at £7,500-£10,000 to the 1275 GT version of the Mini, is undoubtedly small. Fiat estimates it to be currently about 4 per cent and regards the market as a volatile one.

While manufacturers tend to keep sales figures of individual models rather close to their chests, Fiat's own estimates are that the UK market has shown substantial growth in the past two years, with a 20 per cent increase in sales for the first nine months of this year over the whole of 1978, and that the pattern is reflected elsewhere in Europe.

In terms of the overall market, the share might be small—but the 60,000 such vehicles estimated to have been sold in the UK alone in this year's first nine months nevertheless represents a value at retail prices approaching £300m.

From the various companies' involvement in competition has also arisen another small, but increasingly profitable operation, performance parts. Ford has a well-known Rally Sport parts range, which covers a wide range of accessories.

Anatomy of the Turbocharger



THE TURBOCHARGER can provide a suitable engine with both a performance considerably greater than a conventionally aspirated engine of equivalent size, or, on light throttle openings, yield fuel economy in keeping with its cubic capacity. Essentially it is a supercharger, forcing fuel/air mixture under pressure to the combustion chambers, thereby increasing performance. Unlike the supercharger, however, it is driven not by an engine pulley but by the engine's own exhaust gases.

At light throttle openings, the exhaust gases turn the turbine relatively slowly, and in turn the inlet compressor has little effect on the flow of fuel/air mixture drawn in by the engine's induction systems. As the throttle is progressively opened, however, the flow of exhaust gases spins the turbine towards speeds of 20,000 rpm or more. The equivalent rotation of the compressor forces fuel/air mixture into the cylinders under pressure, progressively increasing the power and torque obtained from combustion. Since, clearly, pressure within the exhaust system could build up to damaging levels, a blow-off valve (see bottom right of each illustration) operates, allowing excess exhaust gases to bypass the turbine safely.

The power and torque output and characteristics from a given engine size can be varied considerably by changes in compressor size, camshaft overlap and boost pressures. There is 110 bhp difference between Saab's rally and road engines, for example, though in cubic capacity and mechanical internals they are very similar. However, the rally car runs at a very high 22 psi boost, creating greatly increased induction temperatures as a result of the air being so heavily compressed. This places heavy thermal strains on the upper engine and Saab has found it necessary to fit a cooling inter-changer, in which the compressed inlet air is passed over a radiator, a solution which Renault and Porsche have adopted in their own turbo-charged units.

As an alternative, Saab has also investigated water injection into the cylinders—Saab "Superturbo" concept car was displayed at the Geneva motor show, one effect of the water injection being to lift the standard car's power output from 145 bhp to 175 bhp.

John Griffiths

You almost have to lie flat on your back to drive it.

It brings out the worst in other drivers.

And if you really want to use top gear, you'd better leave the country first.

TR7s aren't popular with everybody. For a start they're not popular with Porsche, Ford, Lancia and all the other cars they beat in important 1978 international rallies. Okay, so this one's hotted up a bit. But even the one in your local showroom has five gears, does a highly illegal 114 mph and holds the road like glue.



MOTOR SPORT IV

The parts test-beds cannot reach

ACCIDENTS DO happen and at Silverstone recently, Gerry Marshall's Triumph Dolomite was hit from behind and rolled tail over nose. The front end was demolished but the windscreen remained intact. As it happens, Gerry Marshall's team is sponsored by Triplex, makers of the windscreen in question and a subsidiary of the Pilkington group. So there were mixed emotions.

There was concern about the driver, of course. But when it was established that he would survive, there must have been some satisfaction that the Ten Twenty windscreen had remained unscathed in full view of thousands of "experts"—anybody who is interested enough in cars to pay to watch them going round a race track usually considers himself an "expert".

The Ten Twenty windscreen was not developed for the race track but for road-going cars. However, the Silverstone episode probably did more to convince the people present that the claims Triplex makes for Ten Twenty can be substantiated than any number of impressive advertisements.

It is mainly publicity that component manufacturers are after when they sponsor motor sport. In these days of computer-based analysis, when the major companies can plug in to the

space research techniques pioneered in the U.S., it makes much more sense to carry out technological developments in the controlled confines of the test-circuit rather than the racing circuit.

Motor sport is "glamorous, dramatic, aggressively competitive—so it is an ideal medium for commercial sports sponsorship. To some extent this appeal extends right down to the lowest strata of motor sport," according to Mr. Robert Tyrrell, director of the Tyrrell Racing Organisation. However, like many other people involved in the world of sponsorship, he also claims that there can be a technological spin-off for those who take part.

In a paper presented to a conference about sponsorship sponsored by Marketing Week earlier this month Mr. Tyrrell, when speaking about Formula One racing, said: "The ferocity of the competition demands that new materials, designs and techniques are tried, evaluated and discarded or discarded very rapidly. Remember—we take an engine every two weeks when we race against our rivals."

The allocation of resources made by a top team to its research and development programme is probably probably substantial. An expenditure of \$500,000 a year, for example, would certainly not be the upper

limit. "Computer and micro-electronics technology arrived on the Formula One scene three years ago when our organisation set up a separate unit within the total R and D operation. The aim of the project was to apply a wholly scientific method to the question of racing car design.

"Through the use of transducers and microelectronic packages which have been developed in-house, we are now able to acquire, reduce and process data relating to the physical performance of a multitude of functions on the cars. By interfacing this information with our computer we now have a unique design tool which is already beginning to pay off in terms of improved car performance.

Applications

"There is no question that within a few years there will be very definite applications relevant to the automotive industry directly from this project."

Goodyear Tyre is another company deeply committed to Formula One sponsorship—only two of the top teams do not use its tyres so it provides tyres for 33 or 34 cars in each race.

The group has at Colmar-Berg in Luxembourg one of the most modern vehicle development

institutions in the world, responsible for all the Goodyear tyre research and development activities outside the U.S. and Canada.

Technical facilities at the centre include a 2.6-mile test circuit to simulate a wide variety of road conditions. Handling, ride, durability, fuel consumption, vehicle dynamics and traction studies are all carried out on the circuit. Test fleets run each year in laboratory and on-the-road programmes a distance of 12m miles, a month. Yet Goodyear still believes that by putting its tyres on racing cars it can learn a little more about the way they behave under the most severe and punishing conditions.

Component manufacturers have to sell their products to the car, truck and construction equipment manufacturers as well as in the replacement market. The added benefit of motor sport sponsorship is that it enables a component maker to meet potential customers on neutral ground on a social basis.

It stands to reason that the majority of senior executives in the automotive companies are interested in cars generally and exotic cars in particular. Few of them can resist an invitation to a Grand Prix, for example, where they can get VIP treat-

ment because their host is a sponsor.

While much of motor sport's glamour attaches to Formula One, some component makers prefer to give up that glamour to be closer to what might be called "grass roots" motorists.

For example, Triplex sponsors a team of five Dolomites in saloon car races because it reckons the audiences at such events are just the people they need to reach with messages about the extra safety involved in the latest windscreen developments.

In the past, Triplex would sponsor motor sports events but turned to saloon cars as "more relevant to the product. You can see our products going around the track not just a name on the side of the car."

Another sponsoring company which believes the average motorist can identify more with cars on a race track which look like cars and not like missiles, is Mintex, the friction materials group.

Mintex sponsors one of the five rallies which make up the British Open Championship, a play which gets over the problem all sponsors of individual vehicles must face—what happens if you don't actually win? By sponsoring an event, Mintex overcomes this difficulty.

The company also maintains the promotional impact

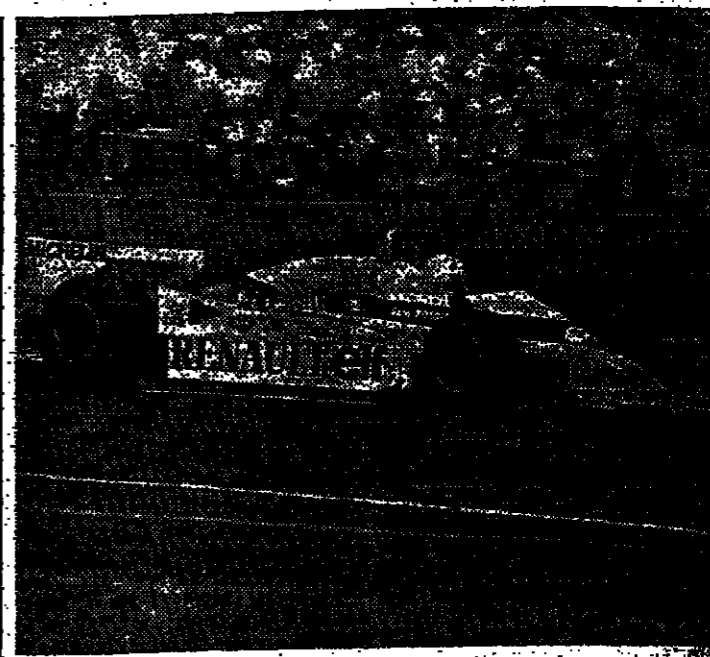
might be concentrated because it involves one event and not several, but the impact is still considerable. At the same time "you do more good for more people by sponsoring an event than sponsoring a team."

The main factor influencing Mintex's support is that the motor traders are closely involved in rallying. Garages help with maintenance of the cars taking part and so on and these are the very people to whom Mintex sells its brake lining replacements.

However, the company believes it gets some technological spin-off because it learns how brakes behave under extreme conditions quite difficult to simulate elsewhere—extremely muddy conditions, for example.

But the fact remains that if you study the list of famous names which have sponsored Formula One races in particular over the past few years, there are not many even remotely connected with the motor industry. They spend the huge amounts of cash involved—it takes more than £20m to put the top 20 Formula One cars on to the starting grids for the world championship series—to promote the products or services they offer. Technology is not the name of the game.

Kenneth Gooding



Renault's turbo-charged car among grand prix pages

Efficiency is the future formula

AT A time when the world is being shaken into awareness of the need for conservation, of fossil fuels as well as of other natural resources, it seems appropriate for grand prix motor racing to promote the cause of efficiency.

Formula 1 engines are already remarkably efficient, partly because the cars which carry the least fuel, and are thus the lightest, have a distinct advantage in the early part of a race, but the search for more power inevitably leads to an increase in fuel consumption—particularly in the case of turbo-charged engines.

Various means of saving fuel have been suggested—one of them being a switch to methanol, which has been used for many years in American racing but costs more than petrol—and there have also been proposals that the amount of fuel available for a grand prix race should be restricted. The latter would almost certainly lead to some farcical results, with the leaders running out of fuel in the closing stages and victory going to a slowly-driven backmarker.

One of the chief protagonists of an energy conservation formula is Keith Duckworth, designer and builder of what is undoubtedly the most successful grand prix engine of all time, the Cosworth Ford DFV. Since winning on its first appearance in June 1967, the normally aspirated three-litre DFV has gone on to win no less than 125 World Championship races, but its supremacy is now being threatened by the arrival of more powerful but less economical turbocharged 1.1-litre units.

Duckworth originally proposed a fuel flow formula for grand prix racing (his suggestion was a maximum of 27 cc per second) but this met with such opposition from vested interests (teams which already have or are developing turbocharged engines) that he has now put it forward as a means of resurrecting now fairly moribund sports car racing by stimulating the interest of major manufacturers. Races for these cars should not, he feels, be long-distance events, which put unnecessary wear and tear on the equipment, but should be of similar duration to World Championship grands prix and should be run at venues which would like to hold grands prix but are unable (probably for financial reasons) to do so.

Equality

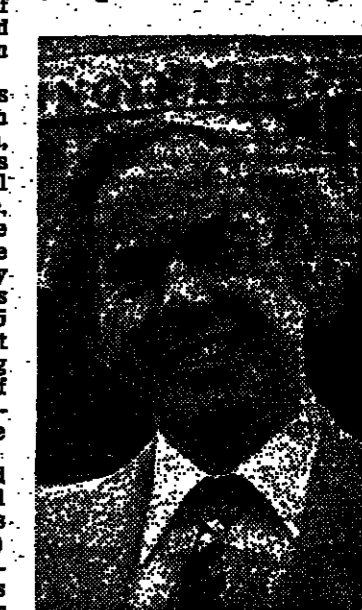
As a corollary, Duckworth feels that from 1982 onwards (rules cannot be changed without two years' notice) Formula 1 should revert to 3-litre normally aspirated four-stroke engines, to bring the cars involved back to closer equality and to give more reality to the drivers' championship on which most of the publicity for grand prix racing is based. (At present there seems to be a very real prospect that 1.1-litre turbocharged cars will become increasingly predominant in 1980 and 1981, largely because the totally arbitrary 2:1 equivalence factor with normally aspirated engines is very much in their favour.) Should Duckworth's proposed Energy Conservation Challenge produce suitable engines, these could eventually be adopted for grand prix racing alongside existing units—provided, of course, the latter incorporated the same fuel flow restrictions.

In addition to providing an alternative form of racing, in which the emphasis is on the manufacturers' names rather than the drivers', the proposed Energy Conservation Challenge could thus become a proving ground for future Formula 1 engines without unduly upsetting grand prix racing as we know it. Any sudden change of formula could have a disastrous effect, particularly if it required everyone to build or buy completely new engines. The same would almost certainly be true if the current formula continued unchanged until at least 1984, as has been proposed by the majority of production car manufacturers, making a switch to 1.1-litre turbocharged engines virtually obligatory. In both cases the cost could well be prohibitive for the specialist constructors who are the backbone of grand prix racing, with

the result that the present, very healthy entry lists (around 30 competitive cars) could quickly dwindle to six or eight.

"I am staggered," Duckworth says, "that major manufacturers who are not involved in Grand Prix racing but committed to reducing the fuel consumption of their road cars seem totally disinterested in a fuel flow formula—and totally unaware of the consequences of allowing the current three litre normally aspirated 1.1-litre turbo-charged Formula One to continue not only to the end of 1981 but to the end of 1983 or even later. Most of these people are not involved in Grand Prix racing and clearly do not understand it."

"By contrast, most of those who make a living out of racing are agreed on the necessity for a change, whether to normally aspirated engines or my fuel flow formula, and Colin Chapman of Lotus, who is universally regarded as the leading innovator in racing-car



Keith Duckworth: fuel flow formula opposed

design, is totally in favour of 27cc per second."

The main virtue of Duckworth's fuel flow formula is that it would permit the use of all current engines, including turbocharged ones, with relatively minor modifications, and would also allow the introduction of new designs—which could use fuels other than petrol if so desired. (In the case of diesel or kerosene the fuel flow figure would be adjusted to give the same energy output as 27 cc of petrol.)

Duckworth also proposes that such engines should have a minimum of six cylinders, to avoid non-commercial freaks, and that both new and existing engines should be capable of running on 97 octane petrol. He visualises that existing engines, fitted with a fuel flow restrictor, would develop a maximum of about 430 bhp, compared with the 490-550 bhp of current unrestricted units, and expects that a similar output could be achieved at much lower (5,000-7,000) rpm with a mildly turbo-charged 27 cc per second engine of somewhere between 2.5 and 4.5 litres cubic capacity.

The latter would also have the virtue of much longer life, due to running at low rpm, and could also be used in road cars with very little modification—a big plus factor for manufacturers wishing to maximise their association with racing.

The Duckworth challenge for 1980 and 1981 shows cars with unrestricted turbocharged 1.1-litre engines winning more and more races—and using more fuel in so doing. If there is no rule change for 1982 he will probably give in to commercial pressure and make a 1.1-litre turbocharged Cosworth, which will be so expensive that he will only be able to make a few, and only one team will be able to afford them.

How much more sensible it would be if everyone concerned had slightly less powerful and much more fuel-efficient engines, which could probably do several races without overhauls and which could also be detuned for use in road cars. Is such a common-sense idea really too far-fetched for the motor racing politicians?

David Phipps

We're riding high.



The three short years that we've been rallying Chevettes have been ones of phenomenal success. In our very first year we scored major wins in international rallies and came within just one point of scooping the RAC Rally Championship.

This year, if anything, we're in a better position.

So far, we've won three international rallies outright. The Circuit of Ireland Rally, the Scottish Rally and the Ulster Rally.

And what's more, on that last outing the two Chevettes we entered came first and second. Pentti Airikkala is the leading driver in the Championship, with a substantial gap of ten points between him and his nearest rival. With Vauxhall leading the Manufacturers' section.

While we like to win, there are also practical benefits.

Our experience in competition can lead to important developments in production car design and reliability. The wind cheating Vauxhall 'droop snoot' bonnet is just one example—it was first seen on the race arena.

So as we go confidently into the gruelling Lombard RAC Rally, we'd like to wish Dealer Team Vauxhall and all the Chevette drivers the very best of luck.

VAUXHALL  GM

Sponsors keep grand prix on circuit



STIRLING MOSS, pictured above after winning the New Zealand Grand Prix in 1959, explains how racing has changed during the ensuing 20 years

Bigger business, but less fun

GRAND PRIX racing has always been the fastest, toughest and most challenging sector of a brilliant and exciting sport. Yet during the last few decades it has become bigger and bigger business. If you can cast your mind back to the 1950s, you find that competition was every bit as keen as it is now, but the whole set-up was a great deal less sophisticated, and quite honestly a lot more fun, for drivers and spectators alike.

Of course, grand prix racing was far from cheap even then, but the way to try to beat the opposition was simple and logical: Find the best drivers, and produce a competitive car. The latter depended above all on the two factors of power and handling. Strict rules on engine capacity forced engineers and tuners to make the power units more efficient, and to avoid wasting all that hard-won extra power, there was a parallel need to improve weight distribution and to produce better suspension systems.

Where racing has started to go wrong, in my opinion at least, is that as the sport has become more popular with the paying public, the competition has become more commercial and the costs have escalated out of all proportion to the direct benefits to the sports. The traditional sponsors—the oil companies—began to pull out and they were replaced by new sponsors, including cigarette manufacturers, makers of drinks and after-shaves. Their generous assistance kept the sport going, but they were after other returns. They were paying a lot of money to have their brand names associated with the glamour of motor racing, but this would only be worth while if the association was with a winning team rather than a losing one. So the pressure to win became so intense that simply squeezing more power from the engine or tuning up the suspension was no longer enough on its own. Every trick was used to steal a march on the opposition from wings to skirts, from slicks to spoilers.

Now progress in its way is all very well—but there's a real possibility that some of this progress may have been in the wrong direction. The cars are certainly faster than they ever were before. They hold the road more effectively, lap times are faster and cornering speeds are far higher than they were in my racing days.

But everything is relative—it is important to remember that racing is not just a sport; it is also supposed to be entertainment. The excitement of the circus ring and the spectacle of the theatre are essential ingredients in its appeal.

Excitement

What matters most of all, when we think of the future of grand prix racing, is the degree to which spectators are involved in what is happening. In the old days, you could stand right there on the edge of the track and see drivers who were recognisable as individuals literally fighting their cars round the bends, with hands sawing at the wheel, suspension hopping and tramping all over the place, tyres screaming and protesting in clouds of blue smoke, and immensely exciting it was to watch.

But development has totally changed that colourful picture. Present-day cars are much better streamlined than they used to be—but that means you cannot see the driver so easily as he lies back in a semireclining position inside the closely fitting bodywork. To make things worse, the drivers wear flameproof overalls and wraparound helmets, so that you cannot tell

them apart, or see what they are doing. The skirts, spoilers and streamlining do help the cars hold the road more efficiently than they used to, but the old drama has all but vanished.

Now a car can be cornering within a hairsbreadth of sliding helplessly off the track, but there's no outward sign to show that it is so close to the limit. The only time a car does not look as if it is running on rails is when something really has gone badly wrong. So all this means that motor racing has tended to look more and more tame which, of course, it is not.

In fact, drivers have quite rightly become very concerned about safety—their own and the spectators'. Tracks have been edged with Armco barriers and great fences of wire netting to keep the cars and the spectators apart. But what this really means is that at the very time when the details which contribute so much to the understanding and enjoyment of the sport are becoming harder to see, the spectators are being pushed further and further away for their own protection.

Boring

The real danger for the sport is that increasing commercial competition and speeds could, paradoxically, kill the excitement of grand prix racing stone dead—and with it, the goose which lays the golden advertising eggs. Not so long ago, top driver Niki Lauda was quoted as saying he was fed up with racing round and round in circles. I do not for one moment believe he meant that seriously, but it is easy to see what he was getting at. Present-day racing cars are so good that they are in danger of becoming visually boring.

So what can be done about it? There is not a single, simple answer to the problem, but one possibility might be to cut speeds indirectly by outlawing some of the more extreme features of to-day's grand prix cars. No skirts, no soft, sticky slick tyres, no aerofoils, smaller engines, lower power outputs, all would help to keep speeds within the bounds of reasonable competition. Of course there would be an outcry: the sponsors have invested a great deal of money in the set-up as it is today, and any fundamental changes would force them to start all over again. But it is high time that the sport's governing body, the Commission Sportive Internationale, found the courage to do some governing, and stopped the teams and the sponsors having their own way as has been the case for so long now.

This may sound like a retrograde step, but racing can be just as close, just as exciting, at lower speeds, and the spectators would have so much more to watch.

There are many other ideas which could be added to make the eventual outcome of the race less obvious and less predictable: what about limiting the fuel tank capacity of the cars, so that refuelling stops become necessary again? Not only would that introduce new elements of suspense and of tactics which have been missing far too long, but it would also add economy to all the other targets of the car designers, making the elusive equation of a really winning car an even more difficult target.

There may be other more complex ideas which could also have their place in the rules, but at least these would be a beginning. Possibly the sponsors may jib at the changes, and some may even withdraw their support—but cheaper and more exciting grand prix racing still has to be good news, for drivers and spectators alike.

LAST MONTH there was a great deal of controversy over British Leyland's decision to spend something in the region of £20,000 a year on the sponsorship of three one-horsepower mounts for Mark Phillips. At the same time, and without criticism of any sort, various captains of industry were setting aside sums up to 50 times larger than this to associate themselves with the 500-horsepower machinery which will compete in the 18 events counting towards the 1980 motor racing World Championship.

Commercial sponsorship of grand prix racing as we know it today began in 1968, when the hitherto green and yellow Lotus cars were respayed red and gold and made to look as much as possible like mobile cigarette packets (John Player Gold Leaf on this occasion). It was not long before most other teams followed Colin Chapman's lead, as they tend to do in matters technical as well as commercial, and now only Ferrari remains aloof from such considerations—and that only because it receives massive financial support from Fiat. Even Renault carries sponsorship, mainly that of the state-owned Elf oil company.

The cost of running a successful Formula 1 team is now in seven figures per annum. Some

of this is covered by prize money, based on a complicated scale which takes into account past performances, qualifying times and positions at various stages of the race, as well as at the end. But grand prix racing—and most other forms of racing for that matter—could not exist without sponsorship, and sponsors would not pour in the amounts they do if they did not feel they were getting value for money.

For a company promoting a new brand of cigarette, or a similarly widely-sold consumer product, grand prix racing is an obvious medium. It has a glamorous image, it goes to most of the more affluent countries of the western world, and it gets extensive coverage both on television and in the Press. The leading drivers get the same treatment as pop stars and almost every European country has its own national hero, even though he may never have scored a World Championship point.

Less immediately apparent, but nevertheless equally valid, is the reason for various service industries becoming involved in grand prix racing. Some do not even sell directly to the public, but in some cases they have even more to gain than the manufacturers of consumer products because they use racing as a means of directly influ-

encing potential clients—people who may put many millions of pounds of business their way.

When First National City Travelers Checks first entered the grand prix arena there must have been many people who wondered why they were there. Yet in just one weekend, as a result of entertaining leading bankers at the Swedish Grand Prix, they increased their sales in Scandinavia by over 30 per cent. Their car did not win the race—it did not even finish in the first six—but the bankers were sufficiently enthused by their exposure to the world of grand prix racing, which included meeting the driver and inspecting the car at close quarters, that they went home and spread the gospel.

Delighted

And the Essex Overseas Petroleum Corporation, which is a wholesaler and has no direct dealings with the public, is so pleased about the results of its co-sponsorship of Lotus (again, without winning any races) that it has decided to increase its involvement next year.

Much the same reasons which motivate Formula 1 sponsorship have led major companies into associations with Formula 2, Formula 3, sports car and rally teams. These all compete at

international or national level, on lower budgets than Formula 1 and with relatively less exposure—though rally teams might dispute the latter point in certain instances.

However, most of the big works rally teams would be able to carry on without sponsorship, drawing money from their advertising budgets, and in some cases (e.g. British Airways) the sponsor tends to insist that the team spends at least the equivalent of the sponsorship fee with them. (With British Airways this is not an onerous condition, as a reciprocal deal can be done in air tickets.)

There are one or two sponsors—notably Marlboro—who are active in all types of racing and have also spent large sums of money on the modernisation of certain circuits—in return for which they normally obtain a great deal of advertising space around the track. This is quite separate from the event sponsorship in which Marlboro and several other firms are involved—usually as a result of assisting organisers with promotional material and indemnifying them against losses at the gate, in return for which the event is normally named after them.

A good example of the benefits which can be obtained from relatively inexpensive (by

F1 standards) sponsorship is seen in Formula 2, where ICI put their name before both the public (admittedly not as numerous as for Formula 1) and large numbers of influential dealers, whom they entertain at races throughout Europe. Some other sponsors have more localised markets, and this extends all the way down the scale to companies like garages and small building firms, whose names appear on cars competing in club events and who expect no more publicity than the occasional mention in a provincial newspaper.

In recent years a number of Formula 1 teams have preferred to race temporarily without sponsorship rather than accept amounts they consider to be below the going rate. (The latter, of course, varies a great deal, and depends on the team's past record rather than its future prospects.) In less exalted categories, however, it is regarded almost as a sign of failure if a car is not plastered with decals—with the result that many are carried virtually free of charge.

Despite the current energy situation, the sport's traditional sponsors, the major fuel and oil companies, still feature strongly at all levels of both racing and rallying—the aim at the moment being to promote the sales of lubricating oil rather

than fuel. There is also some support—more often in kind than in cash—from the leading tyre companies (Goodyear, Michelin, Dunlop and Pirelli) and the suppliers of such components as spark plugs and suspension dampers. In general terms, however, the money from these sources is regarded nowadays as a bonus (it is, in fact, often paid in the form of success bonuses) and the big amounts come from purely commercial sponsors.

At the time of writing there are several potential sponsors keen to get into grand prix racing, provided they can be associated with top teams, and if Ferrari ever changed its policy on this subject there would virtually be a stampede to Maranello. What happens in other categories is more dependent on things like TV coverage or in more general terms on a good return for investment. But here, particularly in Formula 2 and Formula 3, the tendency is for sponsors to back individual drivers rather than teams.

However, provided existing sponsors are looked after, and new ones get the treatment they deserve, the financial health of motor racing, particularly in the upper echelons, seems to be assured.

David Phipps



MOTOR SPORT VI

BL competitions spared axe

DESPITE THE vigour with which Sir Michael Edwards is lopping branches to revive the straggling BL tree, a small one has survived the axe which thudded into operations at Abingdon.

BL Motorsport occupies premises almost within hailing distance of the doomed assembly lines of the MG Cars plant. But "all the indications are that we will survive," declares competition director John Davenport. "I fully believe that our existence is justified as a means of selling more of our cars."

Although evaluation of the benefits of motor sport participation appears to have rather more to do with seat-of-the-pants feelings among marketing men than empirical assessments of sales volumes—"an impossible task" in the view of one such executive—it appears that the powers that be within BL agree with Davenport. Their agreement is made less onerous by the fact that, unusually among manufacturers, motor sport is a self-contained profit centre. Sales of performance parts and other accessories, under the Special Tuning banner, offset the costs of running a substantial rally programme for the Triumph TR7 V8 sports car, five of which start tomorrow's RAC Rally in British Airways colours, supporting a pair of Dolomite Sprints and a 1275 GT Mini in the British Saloon Car Racing Championship, and the Mini Challenge, a racing series for Sir Alec Issigonis's ubiquitous brainchild.

In comparison with other European manufacturers, Davenport's budget is small—"divide Fiat's (£5.5m) by 50 and you'll get ours," he declares, only half-jokingly. Nevertheless, it has been sufficient to allow BL to bring off some impressive wins and placings in both racing and rallying, despite a rather inauspicious start to the TR7 programme two years ago.

Much of this year's funding has come from the £3m turnover of the Special Tuning parts, sold mainly through 50 ST distributors and 50 more stockists among BL's 400-strong network of Austin-Morris dealers—a business which, says Davenport, in the past year or so "has been taking off in the biggest possible way." Parts range from oil-cooler kits for caravan towers, through uprated suspensions to "cosmetic" body parts. More support for BL's sports programme is provided by close associates in the industry—by Dunlop, Bilstein (shock absorbers), Lucas and Castrol and, as with British Airways, by sponsorship from outside the industry.

"At the end of the day, however," says Davenport, "we don't make sufficient money to pay for every motor sport activity, and what we may attempt from year to year will fluctuate according to revenue."

Efforts

As at least a partial exercise to determine whether BL gets value for the extra monies required, Abingdon carried out a 12-month addition of lineage devoted to its efforts in daily papers, the motoring press and by television (all international status rallies in the UK now receive Saturday afternoon airtime).

"We can honestly state that the estimated cost to buy the equivalent space and air time in the UK alone was substantially in excess of our competition budget."

There is also a consensus that since the rebirth of the competition department in 1974—it had been closed in 1970, leaving only Special Tuning to soldier on—there has been some reversal of the trend towards a higher buyer age profile; or, in less jargon-laden terms, more younger buyers are knocking on BL dealers' doors, even if such considerations have now slipped

somewhat down the scale of BL's concerns.

David Wood, who as chief engineer at Abingdon is responsible for liaison between the competitions department and BL's production engineers, is also adamant that lessons learned during rallying and racing are of value to the product—"no matter how sophisticated, test rigs simply cannot reproduce exactly what happens on the road. A rig might be able to simulate 1m stress cycles—but in real life they are all of different amplitudes. A rally car gets misused to a great extent—you're covering 50,000 normal miles in 5,000. The information from that, merged with the data from the test rigs, provides material to production engineers of considerable benefit."

Wood points out that the competition TR7s comprise 75 per cent standard parts, and that what happens to them in the course of competition is important.

The results of fitting load-supporting lightweight panels to the TR7s will, he suggests, be fed back to production engineers with relevance to fuel economy implications for the lighter vehicles required in the mid-1980s. Arising out of competition, potential problems with propeller shaft spines have been identified with anti-knock modifications made applicable across the BL range; and a potential steering column weakness showed up in rallying which—although there have been no failures on road cars—has led to a redesign on production vehicles. "Given the litigation problems they've been having in the States, that kind of thing is important."

Currently, the TR7s are also trying out for Mintex adaptations of a ceramic brake material originally devised to stop Concorde which, says Wood, has extreme longevity, does not induce brake fade, and had good heat-dispersal proper-

ties—"the main trouble is, it squeals unacceptably." The TR7s using it, it is hoped, will eventually prove to be non-squealing guinea pigs.

Another example of how the competitions programme translates on to the production line is the quick release gearbox devised for the TR7. It takes a rally team 23 minutes to change one. The same modification is being built into road cars, with an expected saving in replacement time—at £8 or so an hour to the customer—of two hours.

In almost complete contrast, Daimler-Benz is publicly of the opinion that technically it has virtually nothing to learn from competition.

Revision

The Mercedes cars which took part in the long distance events of recent years—Mercedes won the 1978 London-Sydney Marathon and the 10,000-mile Round South America Rally a year later, as well as finishing second, fourth and sixth on this year's Safari Rally—were close to standard specification. Unlike most other makers, it has had no special parts type-approved for competition. Nevertheless, there is one revised suspension component which emerged from the hammering the cars took on these events, and they were also used for trying out the anti-skid braking system now being fitted to upper-range cars.

Next month, four Mercedes 450SLC coupes will take part in the last world rally championship round—the Bandama Rally, and it will be the first time since the early 1960s that the company will have entered an event officially under its own name, with no outside sponsors. Though there is no official confirmation, it is widely expected that participation in a number of world championship rounds will follow next year.

On the face of it, few manu-

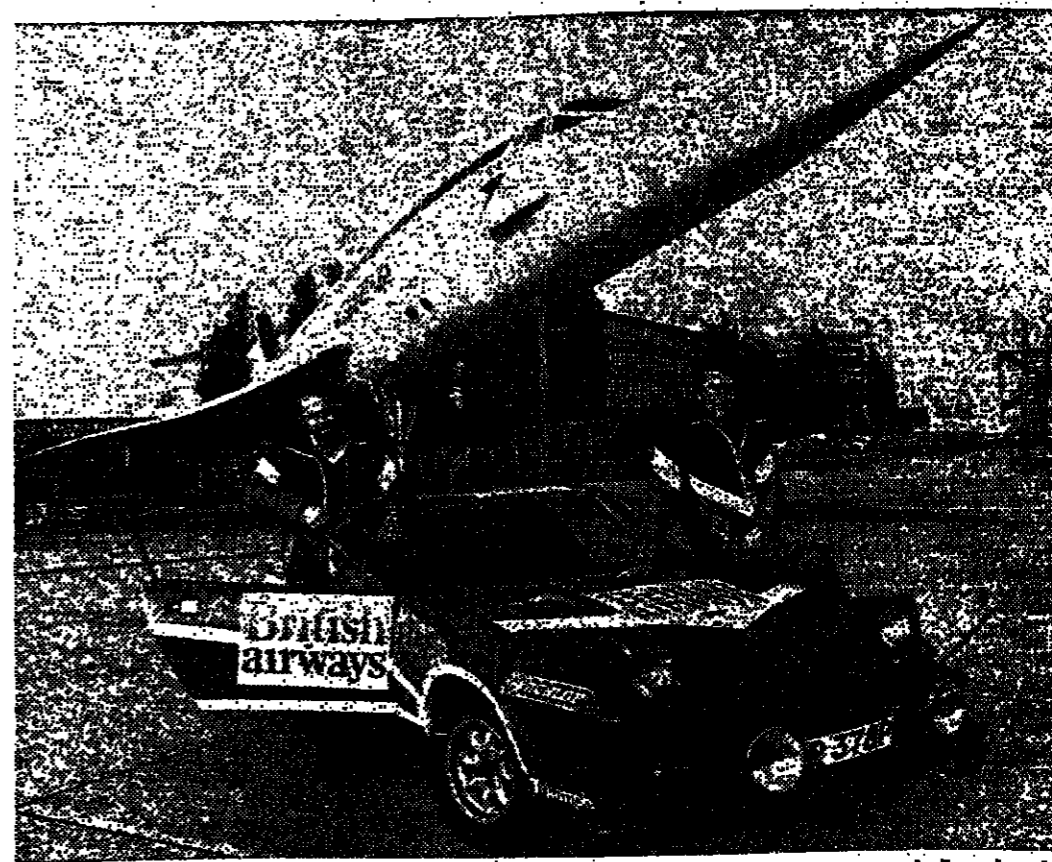
facturers could appear to have less reason for competing: the company discounts technical spin-off and the world-wide average delivery time for Mercedes' annual output of 400,000 vehicles is about two years. Indeed, Mercedes' latest flirtation with competition has not been without its opponents within the company at Stuttgart—opposition which for the moment appears to have been outvoted.

The argument that has prevailed is that Mercedes should keep up the image that it can take on and beat with, by comparison, standard vehicles the more specialised competition products of other makers.

The decision by Mercedes' fellow German manufacturer Audi to plunge back into competition this year on a major scale is also primarily to do with the company's image—with which, it is felt, there is a definite problem. Audi has strong competition roots—they won the pre-First World War Alpine trials with regularity and, under the Auto Union name, in the 1930s, were a major grand prix force with some of the most powerful cars ever built, including today's grand prix cars. Currently, however, despite a full order book and expanding production of its 80 and 100 ranges—the 100, produced at the rate of 300,000 a year, is the company claims, the biggest selling mid-range executive car in Europe—the company feels it falls uneasily between the stools of luxury and sporting images.

"We discovered that the Audi 80 has the oldest buyer profile of all our cars," one Audi executive points out. "That hasn't stopped us selling cars yet, but it is the first sign that we should be concerned."

"We are obviously missing out on the young executive, who is probably buying a BMW or Ford. However, we can't correct that just by taking part in motor



Nationalism to the fore—BL Cars' team of TR7 V8 entries in tomorrow's Lombard RAC Rally are sponsored by the national airline

sport—the product has got to support the image." That approach explains the appearance of the fuel-injected 80GTE, the emergence of the turbo-powered Audi 200, "and the further development of new models will reinforce that image."

That the competition programme will be a costly one is not in doubt. The three Audis in the RAC tomorrow will be supported by five specially equipped service vehicles and two support cars, a far more elaborate exercise than the individual effort once considered, and rejected, by Audi GB. Just to run one car in Britain, the company concluded, would have cost £150,000 for the season "plus £40,000 for a top-flight driver"—and the figures did not include the development cost of the car. Fiat's multi-pronged involvement, in particular the Formula

One activities of Ferrari, is regarded as "a mark of excellence which washes off across the whole product range right up to heavy earth-movers." Its competition budget comes largely from its corporate external relations division, and promotion clearly is the main rationale for competing.

The positions of Vauxhall and Opel in motor sport are somewhat different from that of other makers, in that their efforts are financed largely by levies on dealers for each car sold and by outside sponsorship because of the parent General Motors' publicly proclaimed policy not to participate in motor sport. Both concerns have their competition cars prepared at "outside" establishments, in Vauxhall's case at the Dealer Team Vauxhall headquarters at Shepreth while in the UK Opel is con-

tracted by Tong Park Automotive, a subsidiary of the Wolverhampton-based Roller Chain Holdings company of former racing driver John Handley.

Both suggest that the competition activities have bolstered sales. "Competition is an indispensable part of modern marketing," states Vauxhall's Dick Mercer, "although there is no formula for working out precisely how effective it is. The yardstick is Press and media exposure, and that you simply can't buy."

If they could, it would be costly. Paul Davies of Dealer Team Vauxhall asserts that measured Press space and TV time allocated to Vauxhall so far this year, excluding the highly publicised RAC Rally, would have worked out at over £1m.

J.G.

Chester plays host to the RAC Rally

BY THIS morning, Chester's inhabitants will have received a fair idea of what they are in for during the next five days. There is not a hotel room to be had within the city, hardly one to be had within a 15-mile radius. The languages to be heard in lobbies range from Russian to Japanese, and the city's car parks and back streets are crammed with luridly painted competition cars, their attendant fleets of radio-linked service vehicles and those of a veritable army of organising officials.

Chester will have made a contribution of £10,000 or slightly more to the RAC Motor Sports Association—the arm of the club responsible for motor sport in Britain—for the privilege of playing host to the 27th RAC Rally of Great Britain—or, more properly, the Lombard RAC Rally (Lombard North Central, the credit finance house, has itself recently signed away £3m to continue for another four years the sponsorship of the event which it first underwrote four years ago).

Lombard, with four years' experience under its belt, obviously thinks its investment is worth it: Chester, a newcomer to the mixture of sports event, major logistics exercise and bizarre social phenomenon which comprises the "RAC," is keeping its fingers crossed that its own, rather smaller investment will prove worth while.

Based on the past experience of other host cities, ranging from Bath, through Harrogate to York, Chester does not have too much to worry about. Previous host cities now actively pursue the event, for an average of £1m or so tends to flow into the coffers of hotels, restaurants and retailers during the week that most teams are in town.

Currently scattered in and around the city are the 350 crew who will man the 178 competing cars—the event was greatly oversubscribed, with 230 would-be entrants; and nearly ten times that number in a support and management capacity.

Over 500 applications for Press accreditation have been submitted from around the world. Add to that the presence of some at least of the 7,000 marshals, stewards and organis-

THE LOMBARD RAC RALLY—TOP TEN SEEDS

Driver/co-driver	Nationality	Car
Hannu Mikkola/ Arne Hertz	Finland	Ford Escort RS
Markku Alen/ Ilka Kivimäki	Finland	Lancia Stratos
Walter Rohrl/ Christian Geistdoerfer	W. Germany	Fiat 131 Abarth Rallye
Bjorn Waldegard/ Hans Thorszelius	Sweden	Ford Escort RS
Stig Blomqvist/ Ejnar Cedeberg	Sweden	Saab 99 Turbo
Ari Vatanen/ Dave Richards	Finland/GB	Ford Escort RS
Peitit Atrikkala/ Risto Virtanen	Finland	Vauxhall Chevette HS2300
Roger Clark/ Neil Wilson	GB	Ford Escort RS
Per Eklund/ Hans Sylvan	Sweden	Triumph TR7 V8
Russell Brookes/ Paul White	GB	Ford Escort RS

ers of the rally, and it soon becomes apparent that Chester is not a good place to drop in on unexpectedly during the four days following the rally's start from the city centre at 9 am tomorrow.

Indeed, the business generated for the hotel trade by rallying is such that Trusthouses Forte has made a determined, mostly successful, effort for its establishments to act as headquarters for all major rallies next year.

The RAC will also decide this year's Sedan Products Open Championship, the major UK series, between Vauxhall (Peitit Atrikkala leads with 45 points), Saab (Stig Blomqvist, 35) and Ford (Russell Brookes, 33).

Ford inevitably is favourite to win: its six-car entry is numerically the strongest and its drivers include Finn Hannu Mikkola and Swede Bjorn Waldegard, regarded by many as currently the world's best two-drivers. In addition, Ford has won seven years in a row and, will be keen to secure an

unprecedented eighth victory for the departure both of the soon-to-be replaced Escort, and that of Ford from the rallying scene for two years.

However, it will not be a walk-over; BL Cars has no less than five TR7 V8s running and they are the most powerful cars in the rally; Toyota is fielding a new team of Celicas specially developed to compete for outright world championship points, and Datsun has shipped a two-car team from Japan; Lancia has brought out one of its officially retired Lancia Stratos "wedges"—they are past World Championship winners. Fiat UK is entering one of the 131 Abarth Rallyes which won the world championship in 1978. Vauxhall and Talbot both have potential outright winners, and Opel, preparing to mount a major onslaught on next year's world championship, has entered one of its Asconas for Brian Culcheth, one of Britain's most popular competitors, for his 100th, and final, international before retiring.

J.G.



"After 7 wins in a row we think we're getting the hang of this."

Ford Escorts have won the RAC Rally every year since 1972. And they're strongly tipped to do the same again this year.

But Ford don't go rallying just for fun. Something that takes that much investment must have a much more serious purpose. And it does—it provides Ford engineers with a mobile test-bed to check, prove and develop components under the most gruelling conditions.

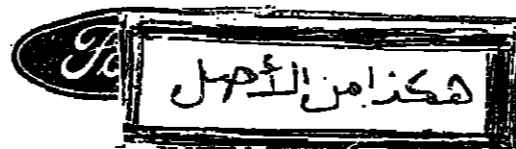
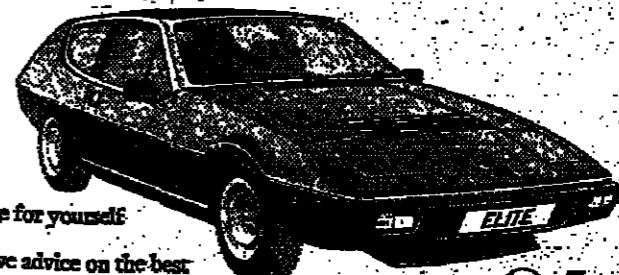
The results of these arduous tests are translated into improvements across the whole Ford range;

they have impact on the design of chassis, suspension, engine, gearbox, brakes—even on aerodynamics.

But it doesn't stop there. The knowledge gained in this way also goes into a range of Rallye Sport parts, designed to add style and performance to your car. Your RS Dealer has all the details.

Seven RAC wins in a row is a tribute to the staying power of the Ford Escort—staying power which helps Ford build more reliable and durable cars.

RALLYE SPORT PARTS

THE LOTUS ELITE
A GREAT SHAPE TO GET INTO

Experience the Lotus range for yourself at your local dealer.

He'll provide comprehensive advice on the best purchase or lease arrangements for you and introduce you to the Lotus Owner's Insurance Scheme.

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Lotus Cars Limited (Marketing), Norwich, Norfolk NR14 8SZ. Telephone: Wymondham (0953) 603411.

Lotus
HAND BUILT IN BRITAIN

The old Duke's last foray

IT HAS been an expensive week, in terms of both money and confidence, for the Government...

Under control

In terms of its immediate objective the operation has been a success. The Government has sold large amounts of debt...

Bank borrowers will for the time being be asked to pay a significant real price for credit...

Shortcomings

This strategy, which has become familiar in the City as the Grand Old Duke of York manoeuvre...

not be taken for granted that rates will quickly subside on this occasion...

The abolition of exchange controls has clearly made the London market more sensitive to international conditions...

Gyration However, the strongest reasons for a new approach are not based on the technical problem of monetary control...

This has had implications both for the taxpayer and for industry. Industry has been virtually excluded from the long-term markets ever since...

It is clear then that the markets have not seen the end of the enormous changes born of inflation, structural change and a new Government philosophy...

AS THE Beatles used to sing in the 1960s, "It's been a hard day's night..."

And indeed, the week of Sir Geoffrey Howe's second Budget contained more than one touch of nostalgia...

Politics, in fact, have returned as we used to know them. The interludes of the hung Parliament and Mrs. Thatcher's honeymoon are over...

Overtaken by events

The Treasury thus had two choices: it could try to treat the figures as an aberration and seek to ride out a minor crisis in the markets...

As it happened, the Treasury was overtaken by events: it is ironic that a Government which is doing its utmost to restore the economics of the market...

That is the basis of the package presented to the Cabinet on Thursday morning and to Parliament in the afternoon...

There are differing accounts as to the degree of rapture with which the Cabinet received the plan...

On the whole, however, the mood of the party is something like this. It is still far too early to turn back or change course. The Government has embarked on an experiment...

Yet something has changed. Any Government, any Prime Minister, starts with a certain amount of credit, if "credit" is not too loaded a word to use in present circumstances...

There are several reasons why these stirrings of discontent have not become more public. One is the widespread belief that monetarism must be given its chance...

There are several reasons why these stirrings of discontent have not become more public. One is the widespread belief that monetarism must be given its chance...

Churchill, albeit unwittingly, may have clouded the issue on the difference between theft by staff and theft by customers...

The figure of £19 as the average for shop theft is legitimate but the figure of £227 for employee theft—which appears in 1978 Criminal Statistics—is of course the average of thefts by all employees...

We do not yet know of a methodology by which the average of theft by shop staff can be accurately determined, but based on the experience of apprehensions, etc., by leading multiples, we believe that customer theft far outweighs staff theft...

Pensions From Mr. R. Norton Sir,—If there is any extravagance to be found in the field of local council pensions...

Trade From the Director, German Chamber of Industry and Commerce in the UK Sir,—May I add a footnote to the interesting article by Guy...

Theft From Mr. H. Shepherd Sir,—Earlier this year I needed a new prescription for my spectacles...

The week that shook the Tories



A hard day's night: the Beatles sang it in the 1960s and today's Treasury team can echo the sentiment, though hardly with nostalgia...

But there is another group of ministers who, however much they may be otherwise engaged, clearly have an interest in what is going on...

In the parliamentary party as a whole the reasons why the apprehensions have not yet come more to the surface are perhaps more complex...

Yet the stirrings do come through. There are, for example, all those questions raised in the House of Commons about the closure of small hospitals...

At present the most obvious manifestation is the complaint that there has been a failure of communication or presentation. Even the Treasury team does not entirely disagree...

people and explain what is happening. In fact, for an Iain Macleod, but who is there? Mrs. Thatcher herself is already doing the best she can...

Left-wing worries

It will not have escaped notice that when a party gets into this mood of blaming its unpopularity on poor presentation, something deeper may be wrong...

informed about what was going on; nor it appears was the full Cabinet. There is in fact considerable opposition to the idea of a British military presence in that country...

In the end, however, it comes back to the economy and it looking for a sign that government policies are beginning to work...

What does worry it, and indeed worries the who Government, is earnings. These have been rising far faster than any internal assumptions suggested...

Malcolm Rutherford

Letters to the Editor

Communications

From Mr. H. Oyns Sir,—Peter Blood "Talking to our colleagues" (November 13) may well be correct that marketing and sales people's talents are not well used in this sphere of employee communication...

Risks

From the Director General, British Safety Council Sir,—In his article on risk management "Premium on prevention" (November 13) Anatole Kaletsky writes that "insurance is no substitute for detailed analysis and costing of risks..."

Pensions

From Mr. R. Norton Sir,—If there is any extravagance to be found in the field of local council pensions, I suggest it is in the space which over the years your paper has devoted to Mr. Nottage's lone voice...

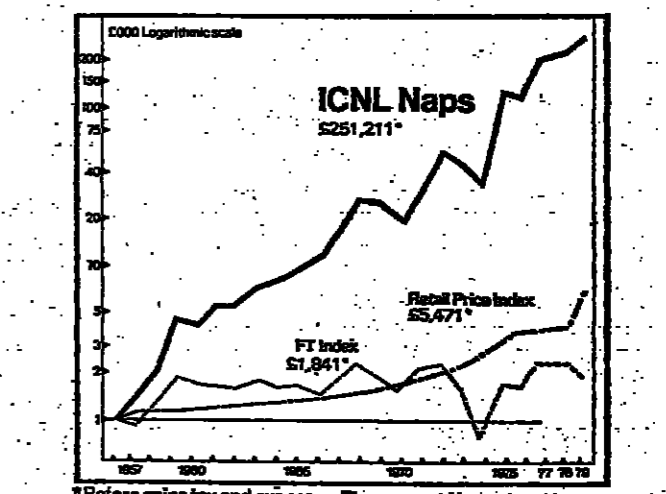
Trade

From the Director, German Chamber of Industry and Commerce in the UK Sir,—May I add a footnote to the interesting article by Guy...

Coal

From Mr. R. Boam Sir,—British coal is now uncompetitive against South Africa, U.S.A., Australia, Poland and others by approximately \$30 per ton landed at West European ports or 40 per cent...

DON'T MISS THE NAP SHARES FOR 1980



At the beginning of every year the ICNL News Letter selects a number of shares (generally six) for capital gain over the following twelve months—its Star Nap Selections...

Subscription form for ICNL News Letter, including fields for name, address, and contact information. It also includes a small table with financial data.

The skirmishing over ITV franchises hots up

BY ARTHUR SANDLES

AMID ALL the fuss about proposals for the fourth television channel a few words buried in a lengthy discussion document have sent a shiver through commercial TV. The Independent Broadcasting Authority made it clear that there is a price to be paid for the prize that television companies have been claiming for years. To fund the fourth channel, a task which is looking increasingly daunting in these days of soaring interest rates, the profits received by the ITV companies will be diminished for the first year or two at least.

The companies will have to pay an annual subscription to ITV 2 which, even on the IBA's modest estimates of expenditures, would probably average £5m a year each — much more from giants like Thames and ATV, much less from the minnows. In fact if the bill had come this year Thames would have had to chip in around £12m while tiny Border might have got away with about £4,000.

In a time of a projected downturn in advertising receipts, concern at the slow rate of revival in ratings fortunes and worries about wage inflation, that would be bad enough. But over the next year the TV companies face the prospect of having to fight for re-appointment. Perhaps the real question is whether or not many rival offers will be coming forward now that there is a large question mark over that "licence to print money."

Although it is likely to be some weeks before the IBA unveils its proposed structure for commercial television in the 1980s, apart from ITV 2, there are already signs of impatience among some of the contenders. The rival consortium planning a bid for Ulster Television's Northern Ireland franchise has published a fairly detailed account of its personnel and

plans. Groups in the West, Lancashire, the East Midlands and London have also shown increasing willingness to discuss their objectives. There are even proposals for contracts which do not at the moment exist, such as the one for breakfast television shows—a plot which Thames at least intends to pre-empt by doing its own breakfast show next year.

It seems likely that most of the 13 contractors which currently have franchises in the 14 IBA areas (London has two) will face opposition when they re-apply, even assuming that the present pattern is repeated. If new areas are introduced then the competition for those would be much fiercer.

Expensive

However, new areas are not a simple matter of IBA whim, nor even crying local need. The present system of transmitters would be expensive to disturb and could also involve negotiations with the BBC which shares many facilities. When Liverpool Council asked recently what the prospect was for a local television station in the city it was told quite firmly by Sir Brian Young, the IBA director general, that because of transmitter siting the Authority "holds out no hope of a separate contract area in the foreseeable future."

One of the main comforts that ATV draws when threatened by protests about its performance in the East Midlands is that transmitter sitings make an East Midlands area perilously small for healthy economic survival.

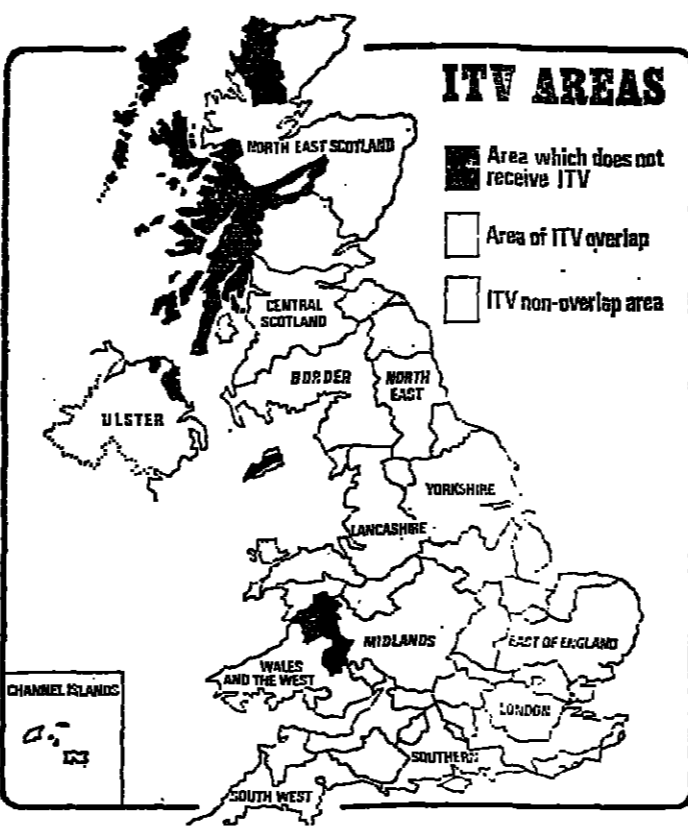
Such confidence could be misplaced. The IBA itself is presently in a phase of what some companies see as a naive enthusiasm for

leaning over backwards to sound out public opinion. In such a mood it is possibly more inclined to fragment the franchise areas further than sheer commercial sense would dictate. Cash resources are, however, likely to prove a major inhibition.

Perhaps some indication of the IBA's ideal television world came in the way it divided up the country for recent research into audience views of ITV performance. Instead of 14 areas the research map had 39 regions of the country which the IBA saw as having separate identities—Northern Ireland, for example, was split into two. On this map the East Midlands is certainly seen as a separate area, as is Oxford, North Lancashire and the South East of England.

But the most tipped course of action for the IBA is not the creation of new areas, with the possible exceptions of the East Midlands and parts of Lancashire, but some tinkering with the present ones. There might, for example, be a reduction in the area covered by the two London stations, a move which would not only reduce the weekend contractor's position of enormous power in the network but also perhaps answer critics—and now public opinion in the form of the IBA's own research—who suggest that the London stations lack the ability to identify with their audience to anything like the degree that smaller stations do.

In its manoeuvring in this field the IBA is subject to the desires of the Home Office whose overall broadcasting strategy to some extent dictates IBA tactics. The Home Office has consistently demanded that the Authority apply itself to filling the holes in its coverage rather than in giving fine tuning to the present system. Where major transmitter work is needed—in North



Lancashire for example and even the East Midlands—the IBA might feel that there is a greater need to bring ITV to the valleys of mid Wales and North West Scotland than to spend money on re-engineering existing services.

In its examination of local views both by survey and hundreds of public meetings, the Authority members seem to have been impressed by the strength of local feeling. Its representatives were swamped in Swindon by protests that the locals felt more West Country than Midland. In Weymouth they were told the local population are Southerners, not West

Countrymen. The IBA may try to meet some of these demands, but probably only where the cost is not too high.

Changing of the boundaries might leave the broad sweep of ITV's structure much as it is today, but its detail could transform the life of some companies. Just as there are organisations under pressure to shed some of their territory, so there are others which appear to have so impressed the IBA—Anglia is one—to make it ponder whether they should have a larger slice of the cake.

There are reasons why there is now so much rumour and manoeuvre. In spite of its

declarations of public involvement, the IBA sees the fight for new contracts as a highly structured dance for which it writes the steps. The Authority tends to be upset by groups which make their contract claims in public before starting official discussions. You can be sure that for every consortium that has so far shown itself publicly there are three lying low and waiting for the official go-ahead.

There is some justification in this apart from the risk of ruffling the IBA's feathers. As one potential contender put it: "There ain't no bidding until we know what we are bidding for." Thus the lobbying of the IBA for a breakfast television contract is one thing, but the public advocacy of such ITV before the IBA has made up its mind could, sadly perhaps, only serve to irritate the Authority members who feel themselves under pressure.

The other problem for consortia is that to win contracts they need members who have experience, and most people with experience are already in work. Telling the boss that you are to join a group which is going to bid against him for his contract is a brave thing to do even in these days of employment protection. That is why most of the contract names one hears today are non-television names—the Duke of Westminster as a backer of the Lancashire Television group that will be trying to nibble the Blackpool/Preston/Blackburn conurbation away from Granada; Lord Iddesleigh as chairman of the group which is eager to replace Peter Cadbury's Westward; and Mr. Phillip Whitehead MP who has made much of the running in the East Midlands. Names like David Dimbleby and Donald Baverstock simply fit across the minotors as unconfirmed rumours.

The spanner in the works in this round of bidding is likely to be the workers' co-operative. So far the ACTT branch at London Weekend Television has been the most active in this field, although there have been whispers of similar moves from staff at Yorkshire Television. It seems that some staff feel not that they would like to have a full contract, but to give a much greater say in the management of the successful consortium. Says Mr. Gavin Waddell, speaking for the LWT worker group: "We just feel that the current situation in the industry, which leaves the workers excluded from the allocation of contract procedures is unsatisfactory." He adds that the group is willing to co-operate with whoever wins the London Weekend contract. This, of course, assumes that there is one, since the imbalance between LWT and Thames is one of the problems the IBA might feel it has to solve.

In the run-up to the fighting this week's British Market Research Bureau report for the IBA on audience views of the commercial television service will be of use both as a weapon of attack and of defence. Scottish Television, for example, is more popular in the west of its region than in the east; ATV faces a pocket of resistance in Oxford whose residents, when sampled, said that on balance they preferred the BBC; in London viewers seem disturbed by the quality of local news coverage. By and large, however, the report is a weighty endorsement of the view that ITV as now structured and under its present franchise holders is doing a fairly good job.

There are many today who hope that the IBA will accept that view and concern itself more with how it is going to raise the £30m it needs to start the fourth channel and how the companies it supervises are going to find the cash to support it in its early years. But, whatever gloomy rumours the companies may be putting about to deter rivals, there is little sign of any of them resigning from the race. That licence to print money may be about to go into temporary suspense, but most believe that the presses will start to roll again fairly quickly.

Franchise fear

How the IBA will deal with the worker groups is going to be a fascinating study in diplomacy and the prospect is one which lifts the curtain on another worry for any present contract holder, no matter how secure they may feel at the moment. If the Authority believes that a new bidder has some good ideas, some broadly based support or some particular skills it can instruct the present contractor, while renewing the franchise, to absorb some parts of the rival organisation.

Present contractors therefore view the forthcoming round of bidding, public hearings and private discussions with considerable disquiet. In the last round Granada had carved in two to create Yorkshire Tele-



Philby, Burgess, McLean and Blunt, the fourth (and final?) man

Weekend Brief

The public exposure of Anthony Blunt, art adviser to the Queen and spy for the Russians, still leaves many dark corners of government to be illuminated. It would be surprising now if the Commons could be denied a full and proper opportunity to bring more light to the affair.

Mrs. Margaret Thatcher, said to have been as astonished as anyone by the 15-year cover-up, would seem to have an equal interest in ensuring that she would never unwittingly preside, like her predecessors, over such deeds.

The immediate question to be raised by the Blunt case concerns the reform of the Official Secrets Act currently being pursued by Mrs. Thatcher's own Government. Blunt's spy-revel would never have been revealed in the first place but for information obtained from United States Government files, opened to the public by the Freedom of Information law.

The British Government's Protection of Information Bill, at present before Parliament, is

When the burrowing had to stop

designed, in contrast to continue the suppression of such knowledge in this country.

Ministers, endowed with the powers it contains, might well use them to ban any publication like the two books whose cautious references to the "fourth man" eventually forced the disclosure of his identity.

Can the Government now proceed on this basis? Will Parliament allow it to do so? If the general public's right of prime importance, the Blunt case raises serious questions about the Cabinet's right to know. The history of the affair has shown many apparent inadequacies in the machinery of government itself.

The Attorney General in 1964, the late Sir John Hobson, is said to have granted Blunt immunity because "the public interest lay in securing a complete and accurate account of the Profumo affair, which the Attorney General held the legal authority to withhold his consent to prosecutions under the Official Secrets Act."

Sir John properly consulted the Director of Public Prosecutions—or rather an assistant DPP since the holder of the office had died and a successor had not been appointed at the

time. It was a legal decision influenced partly by a lack of substantive evidence that could be used in court.

But did not the public interest at least demand that Sir John consult the Cabinet, the Home Secretary, or the Prime Minister? Lord Home has denied all knowledge of the affair. What considerations entered into the decision to keep the facts from them? Who took the decision?

There must be suspicions now that the shocks to the establishment and the Profumo affair, may have been as important factor in the cover-up as the information about Russian espionage methods to be gained from Blunt.

Control over the operations of the security service by the elected Government appears to have been virtually non-existent. Has the situation changed since then? If not, Mrs. Thatcher clearly needs to assert that control and reassure Parliament that it is being exercised. It is not MPs alone who have been alarmed by the sequence of events which the Prime Minister reported with unusual frankness for such cases on Thursday.

In future, MPs will demand

some accountability for the sort of actions which denied all knowledge of suspicious about Blunt's espionage role from any Minister between 1951 and 1964; and neglected to inform the Labour Governments of 1964 to 1970 of the presence in public life of a self-confessed spy.

There will be demands also for collective Cabinet decisions to be taken in operating the Official Secrets Act in such widely diverse ways. Sir John Hobson prosecuted journalists for refusing to reveal their sources in the Vassal case while allowing protection to Blunt.

There is something obviously at fault with a decision-making process which allowed the Queen to award a personal knighthood to a man under the gravest suspicion of treason; a process which allowed a self-confessed spy to continue in the Queen's service; and maintained his privileged protection even when several of his innocent contemporaries were being slanderously accused of his felony.

PHILIP RAWSTORNE

The high cost of being badly informed

Intelligence costs Britain perhaps as much as 10 per cent of the £8.6bn of the current defence budget, with it debatable whether this is cheap at the price or money down the drain. But inevitably the way this sum is spent is shrouded in almost as much secrecy as the present structure of the security services.

When World War II broke out Sir Stewart Menzies ran an operation whose main assets included an old boy network, a drawer full of money and a blackboard on which the state of that year's budget was written—or so old hands recount.

Today three separate operations exist which, it appears, are answerable only to the Prime Minister's Office. A fourth, the Directorate General of Intelligence at the Ministry of Defence, is responsible to the Secretary for Defence.

But, as the Blunt affair has shown, answerability in law and answerability in practice are widely different. Such is the make of committees in Whitehall that many matters never percolate up to the politicians. It was an operational decision, is the standard defence. It is mainly at times

such as the affairs of Crabbe, Philby and Blunt that this defence and the general camaraderie of Whitehall become the subject not merely of question but of suspicion.

Professor Anthony Blunt was a wartime member of MI5, or, as it is now known, the Security Services. During the 1940s it was in constant dispute with MI6, the Secret Intelligence Services. In 1950 the "Atlee doctrine" laid out that the Security Services would be responsible for security in the United Kingdom and Commonwealth, dealing with such matters therein as espionage and counterespionage. MI6 whose headquarters is in Waterloo, was to handle all matters abroad. Its head is known as "C." Its previous head, Sir Maurice Oldfield, is now co-ordinating security in Northern Ireland.

The first real test of this came when MI6 sent Commander Crabbe to a Soviet ship and his death in Portsmouth. The Security Services and the government reportedly had not been told. This caused less fuss in Whitehall than might have been imagined though now any such "defensive" operation as Commander Crabbe undertook

and ex-soldier John Berry—is responsible for electronic intelligence. The various branches of this cover such activities as monitoring international radio traffic and embassies' telephone calls and communications.

GCHQ arguably uses the largest budget, with several thousand servicemen in the field acting on its behalf. Separate from it is the intelligence department of the Ministry of Defence. To some extent this makes use of the "product" of allied agencies, in particular of the American CIA which is rewritten and distributed.

However clearly drawn the lines are in bureaucratic terms, in practice countless committees exist ensuring a maze of complication.

These committees range downwards from the Joint Intelligence Committee A, which is headed by the Chief of General Staff or his representative, down to numerous liaison committees. But in the case of Professor Blunt it is quite likely that none of the formal committees was told. It was, it seems, classed as an "operational matter."

DAVID TONGE

Economic Diary

TODAY—Mrs. Thatcher speaks at Conservative Trade Unionists' conference, Sherwood Rooms, Nottingham.

SUNDAY—National Savings monthly progress report (October).

MONDAY—President Giscard d'Estaing of France begins two-day visit to London for talks with Mrs. Thatcher. EEC Finance Ministers meet, Brussels. House of Commons second reading of Civil Aviation Bill. British Council annual report.

TUESDAY—Publication of Treasury's economic short-term forecast. Provisional figures for November unemployment and

unfilled vacancies. EEC Foreign Ministers meet, Brussels. Commons debate on EEC Budget. One-day strike by Transport and General Workers' Union opens cast workers. Mr. Peter Walker, Minister of Agriculture, at Foreign Press Association luncheon, 11, Carlton House Terrace, London.

THURSDAY—Sir Geoffrey Howe, Chancellor of the Exchequer, addresses City of Westminster Chamber of Commerce annual conference, Cafe Royal, London. Building Societies' emergency meeting to discuss rise in minimum lending rate. Sir Keith Joseph, Industry Secretary, at Glass Manufacturers' Federation luncheon, Dorchester Hotel,

London. Public sector borrowing requirement and details of local authority borrowing (third quarter). Brick and cement production (October). New vehicle registrations (October). EEC social affairs council meets, Brussels. Capital expenditure by the manufacturing, distributive and service industries (third quarter—provisional). Manufacturers' and distributors' stocks (third quarter—provisional).

FRIDAY—EEC budget council meeting, Brussels. Sales and orders in the engineering industries (August). Turnover of the motor trades (third quarter).

UK COMPANY NEWS

F. H. Lloyd slumps to £0.24m in first half

FIRST half profits at F. H. Lloyd Holdings, steel founder and engineer, have fallen sharply from £1.41m to £238,000, due mainly to increased redundancy costs, an operating loss at the group's main foundry and the serious effect on all companies of the engineering strike.

The associated company's results continued to suffer from excessively high scrap prices, but the recent adjustment in billet prices provides an opportunity to improve profit-levels in the current six months.

Installation of the new mini-mill, with its advanced facilities, at Wednesbury is on schedule and will be operational towards the end of 1980.

Stated earnings per 25p share are down from 4.5p to 0.7p but after careful consideration of the current situation and despite the half year setbacks, the directors have declared an interim dividend of 0.5p—last year, an interim dividend of 1.65p was followed by a final of 4.4729p.

The decision by F. H. Lloyd to increase its final dividend last year, despite lower profits and depressed markets, looks a little

extravagant in the light of subsequent events and the interim has been cut by 70 per cent this time. The engineering strike was the major body-blow, affecting virtually all divisions, but appalling conditions in the foundry market, where capacity use generally is about 65 per cent, together with high redundancy costs, would have been sufficient to ensure unexciting figures. The future looks a little rosier. The high level of the minorities charge, deriving from a small foundry, suggests that the main Wednesbury foundry is the real headache and this is being rationalised by the introduction of a mini-mill which should be contributing from 1981. The slight easing in scrap prices should help the associate figure and cash-flow is well under control (though borrowings will rise slightly in the second half). In the meantime, the share price of 35p—the year's low—is more than four times covered by net assets and the prospective p/e of 8.6 takes full account of the recovery potential. This assumes full-year profits of £1.1m and no tax. A 2p final would produce a useful yield of 10.4 per cent.

comment The decision by F. H. Lloyd to increase its final dividend last year, despite lower profits and depressed markets, looks a little

Group Lotus more than doubled at £839,000

ON SALES well up at £7.14m against £4.5m, taxable profits of Group Lotus Car Companies more than doubled to £839,000 for the first six months of 1979, against £347,000.

For the whole of 1978 profits were £716,418 (£556,674)—a peak of £1.2m was achieved in 1973. Mr. Colin Chapman, chairman, says the 58 per cent turnover rise reflects the increased sales volume of products, which were supplemented for the half-year by the company's engineering activities.

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date, Corro. dividend, Total last year, Total this year. Includes J. Billam, Brearley Trust, Bregreen, Cardiff Maltng, Clyde Blowers, Fobel, John Foster, Highgate Optical, HTV Group, Kunick Holdings, F. H. Lloyd, Northern American Tst, RCF, St. Piran, Sekers International.

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Maintained final expected.

J. Billam expands halftime

AN EXPANSION of engineering interests at J. Billam, cutter and sheet metal engineer, boosted profits from £154,035 to £241,061 in the half year to June 30, 1979, a turnover ahead from £359,010 to £1.33m.

Clyde Blowers dividend up

PROFITS OF Clyde Blowers were down from £357,445 to £232,476 in the year ended August 31, 1979, but the directors are lifting the total dividend from 4.0556p to 4.8606p with a final of 3.8339p.

John Foster loss midway but expects profit at year end

FOR the half year ended August 31, 1979, John Foster and Son, Bradford-based spinner and weaver, incurred a loss of £262,004 compared with profits of £61,617 in the same period last year.

St. Piran rises to £4.15m

TURNOVER AND profits are well up at Saint Piran, the tin mining and property development concern, for the year ended March 31, 1979.

Strong midterm recovery as Fobel forecasts £1m for year

RESULTS of Fobel International for the first half of 1979 show profits well ahead from £20,314 to £384,634 and the directors say that subject to exchange rates remaining similar to those now applying, indications after 10 months are that the full year's profit will exceed £1m.

change losses would be reduced if the pound ends the year at its current level against the U.S. dollar and Hong Kong dollar.

months, is progressing but has not yet come to court. Efforts are being made to speed up what is inevitably a very lengthy process, but it is still not possible to give a firm date when the matter can be resolved.

RCF profit cut to £308,000

TURNOVER OF RCF Holdings, hand-tool maker and distributor, increased from £16.77m to £17.47m in the year ended July 31, 1979, but pre-tax profits fell to £308,000 compared with £638,000 in the previous year.

Management accounts indicate a substantial profit will be earned by the electronics division for 1979 as a whole. If the pound remains at its current level the exchange losses of the first half will be reduced, improving the position further.

received and sales. This trend is continuing in November. In export markets, the strength of sterling seriously curbs the group's ability to compete; both orders and margins were substantially reduced in these markets.

Results due next week

There is general agreement that the third quarter present showing from ICI will cap a nine-month period which compares favourably with last year's; it only remains to see how much better the group performs when results are unveiled next Thursday.

The chairman of Metal Box noted back in July at the annual meeting that the group was off to rather a sluggish start, so it comes as little surprise that analysts are forecasting a slight drop in profits when interim figures are revealed on Tuesday.

first-half profits adversely. These are expected to be announced next Thursday. In the first half there are the increased costs of marketing a toothpaste brand in the U.S. while the unfavourable exchange movements will have hit export margins.

Northern American Trust

After tax of £860,387 against £980,971, net revenue of Northern American Trust advanced from £1m to £1.35m for the year to November 1, 1979.

Blake Rooney

A compulsory winding up order made on November 5 against Blake Rooney was rescinded by Mr. Justice Oliver in the High Court by consent, the petition was dismissed.

HTV clears £4m mark with £0.88m expansion

WITH allround divisional improvement, pre-tax profits of HTV Group finished the year to July 31, 1979 some £0.88m better at £4.09m. At the interim stage the surplus was ahead from £1.84m to £2.44m.

Kunick Hldgs. profits soar

A JUMP in taxable profits from £20,000 to £86,000 is reported by Kunick Holdings, manufacturer and wholesaler of fashionware, for the year to May 31, 1979.

Workers oppose Milford Docks Board changes

Employees representing about 70 per cent of the workforce of Milford Docks Company have signed a letter sent to shareholders urging them not to support the appointment of three new directors to the Board.

Montfort's argument for rejection

A final dividend of at least 4p—a 75 per cent increase on last year's total—and a substantial increase in profits, for the year ended December, has been promised to shareholders of Montfort Holdings in its fight against a takeover bid from David Dixon and Son.

Pru and Phoenix South African non-life merger

THE Prudential Assurance Company, a member of Prudential Corporation, and Phoenix Assurance Company are merging their non-life insurance operations in South Africa.

GEC sets ceiling on bid for Averys at £98m

General Electric Company emphasised yesterday that it would go no higher in its attempt to win control of Averys, the weighing machine company, than the increased £98m bid tabled earlier this month.

C. H. Bailey moves up to £0.8m

PRE-TAX profits of C. H. Bailey, ship repairer, industrial, road haulage and leisure concern, rose from £14,970 to £805,921 for the year ended March 31, 1979.

Montfort's argument for rejection

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Pru and Phoenix South African non-life merger

THE Prudential Assurance Company, a member of Prudential Corporation, and Phoenix Assurance Company are merging their non-life insurance operations in South Africa.

BIDS AND DEALS Battle on for Oil Exploration

A SECOND potential bidder has stepped out of the wings for Oil Exploration which has already agreed to merge with London and Scottish Marine Oil. Lasso's offer has already been irrevocably accepted by holders of 40.4 per cent of the shares, and Premier Consolidated, which owns a further 8 per cent has expressed its

Eastwood takes toll of Imperial profits

Imperial's board, which face the Press yesterday to outline the state of play on the U purchase, gave no indication to dividend policy, but analysts are assuming a rise of at least 10p on the 6.32p paid 1977-78. On the thorny question of the approval of a liquor licence in the 40 star where Howard Johnson operates its hotels and restaurant Imperial said that "encouraging progress" had been made.

Cope Allman acquiring Flexile for £1.82m

FOLLOWING negotiations, Cope Allman International is offering to acquire Flexile for £1.82m cash. Cope Allman has received irrevocable undertakings to accept the offer from the directors and certain major shareholders representing 77.73 per cent of the capital of Flexile.

Montfort's argument for rejection

A final dividend of at least 4p—a 75 per cent increase on last year's total—and a substantial increase in profits, for the year ended December, has been promised to shareholders of Montfort Holdings in its fight against a takeover bid from David Dixon and Son.

Pru and Phoenix South African non-life merger

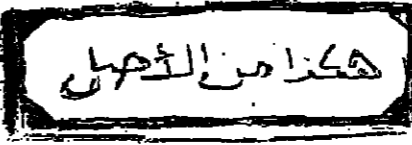
THE Prudential Assurance Company, a member of Prudential Corporation, and Phoenix Assurance Company are merging their non-life insurance operations in South Africa.

Table with columns: Company, Announced, Dividend (p), Last year, This year. Includes Akroyd and Smithers, Becton Transducers, Brookhouse, Cambrian and General Securities, Equity Income, Flahar Albert, Glasgow (M. J.) Contractors, Kwik Save Discount Group, Scottish Investment Trust, Stockholders Investment Trust, Stocktote Holdings, Wade Pottery, Yorkshire & Lancashire Invest. Trust.

Table with columns: Company, Announced, Dividend (p), Last year, This year. Includes H.A.T. Group, Heath (C. E.), International Investments, Maurics James Industries, Metal Box, Milbury, M.K. Electric Holdings, Northern Securities Trust, Ocean Wilsons (Holdings), Pauls and Whites, Pyramid Group (Publishers), Rediffusion, Remond, Rexnord, Robertson Foods, Rothmans International, Safford Refreshment Houses, Tesco Stores (Holdings), Walker (J. O.), Wedgewood, Wheeler's Restaurants, Tricontrol.

Table with columns: Company, Announced, Dividend (p), Last year, This year. Includes Allied Leather Industries, Anderson Strathclyde, Anglo American Asphalt, Bechtel Group, Braby Leslie, Brunning Group, Dunlop (Holdings), Capital and Counties Property, C.H. Industrials, Cockehead (Holdings), Courtauld, Dunlop International, Elswick-Hopper, Evans of Leeds, Ferguson (Holdings), Ferguson Industrial Holdings, Ferranti, French Kier Holdings, Hambro Investment Trust, Hambro.

SUMMARY OF THE WEEK'S COMPANY NEWS



Take-over bids and deals

Shares of civil engineering and construction group Norwest Holst rose sharply following a bid approach from Dunham Mount, a private company controlled by Mr. Raymond Slater and Mr. John Lilley, both of whom are directors of Norwest Holst.

Chilian concern Turismo e Inmobiliaria Bio-Bio SA have agreed to pay £1.6m for 43.5 per cent of the voting rights of Antofagasta (Chili) and Bellvia Railway.

Plessey are selling their loss-making subsidiary Garrard Engineering to Graduate Electronic of Brazil for a consideration of £1m. Originally acquired by Plessey in 1960, Garrard, which manufactures record turntables and auto-changers, has reported losses in the last five years amounting to £11.7m.

In contrast, another large electrical group, BICC, are paying £5.1m for Vero Electronics, a privately-owned electronic component concern.

Associated Engineering have paid £4.8m for a majority stake in Societe Industrielle des Coussinets, which will double the size of AE's French operations. The 71 per cent stake, previously held by Pechiney Ugine Kuhlman brings AE's holding in SIC, France's leading plain bearing manufacturers, to 82.3 per cent.

Lockhart Iron and Steel, a private U.S. company, are selling the Boiler Tube Company of America to Senior Engineering for a total consideration of £3.02m. Senior already has a U.S. subsidiary dealing in thermal and mining products, and the acquisition of Boiler Tube, which marks Senior's first U.S. takeover, will expand the company's thermal division.

KCA, the oil contracting and servicing group, have agreed to purchase 83.7 per cent of Exploration and Production Services from New Court Natural Resources and will offer to buy out the minority interests in a deal worth a total of £1.5m.

Table with 5 columns: Company bid for, Value of bid per share, Price before bid, Value before bid, Final Bidder, Acc'ce date. Lists companies like Antofag. Rail., Avera's, Campbell & Clegg, etc.

Table with 5 columns: Company bid for, Value of bid per share, Price before bid, Value before bid, Final Bidder, Acc'ce date. Lists companies like Reliant Motor, St. George's Laundry, etc.

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. || Date on which scheme is expected to become operative. ** Based on 16/11/79. †† At suspension. †‡ Estimated. §§ Shares and cash. ||| Unconditional.

PRELIMINARY RESULTS

Table with 5 columns: Company, Year to, Pre-tax profit (£000), Earnings* Dividends* per share (p), Dividends* (p). Lists companies like Areson (A.), Bellway Bldgs., British Sugar, etc.

Scrip Issue

A. Areson: One for one.

INTERIM STATEMENTS

Table with 5 columns: Company, Half-year to, Pre-tax profit (£000), Interim dividends* per share (p). Lists companies like Advance Laundry, Anglo-Indonesian, Beales (John), etc.

Tax-free income advertisement for Liberty Life Assurance Company Limited. Features a large '13.10%' net of basic rate tax and 'equivalent to 18.71% p.a. gross GUARANTEED FOR 4 YEARS'.

M. P. Kent sees accelerated growth through forward selling

AT THE AGM of M. P. Kent members were told that two-thirds of the £5.5m due from the sale of certain property developments had now been received and the remaining monies were due very shortly.

Mr. M. P. Kent, chairman, said a further tranche of forward property sales had also been negotiated in recent weeks on schemes under construction. These would generate substantial cash flow and profits direct through to shareholders' funds during the current—and next—financial year.

The company's policy of creating prime property investments for forward sale to institutions would be maintained to enable it to enlarge its capital base as rapidly and prudently as possible.

Mr. Kent believed this policy would accelerate the company's growth rate by providing further

First half upsurge for Lamont

FIRST HALF 1979 profit of Lamont Holdings rose from £5,859 to £80,550, Sir Desmond Lorimer, chairman, describes this as encouraging, and says every effort is being made to maintain the improvement and to develop the various interests.

The engineering division at home and abroad expanded both turnover and profit, and the life company continued its steady performance.

Some progress has been made in the property division, which has been draining profits. The office development, although not fully let, will commence to produce income at the end of the present year.

There is an attributable profit of £63,002 for ordinary holders, compared to a loss of £19,264 in the first half of 1978, giving earnings of 0.85p (loss 0.26p). For the year 1978, group profit before tax fell from £162,000 to £101,000, but the dividend was held at 0.3p. The company is controlled by Utster Finance.

Bregreen progresses to £178,000 midway

FOR THE 28 weeks ended October 12, 1979, Bregreen (Holdings), formerly Empress Services (Holdings), achieved pre-tax profits of £178,000 from turnover of £7.3m.

Comparative figures are £124,000 and £5,900 respectively, and reflect the audited accounts of Executive Cleaning (Holdings), Bregreen Investments for the 28 weeks to October 7, 1978, and of Bregreen (Holdings) for the 27 weeks period to this date.

Profit of Bregreen for 1978/79 was £268,000 on a £11.65m turnover. Empress acquired Exclusive and Bregreen Investments in December, 1978, and changed its name thereafter.

Mr. David Evans, chairman, says the company continues to make satisfactory progress and he is confident that real growth will be achieved through the development of new markets for the cleaning industry.

He adds that the recently acquired painting and decorating business is making a contribution to profits.

The process and cost of rationalisation of the combined groups was completed during the first half.

Stated earnings per 10p share are 1.15p (0.43p) and the interim dividend is increased to 0.2p (0.1p) net—last year's total was 0.25p.

Pre-tax figure was struck after interest of £43,000 (nil), and was before tax of £40,000 against

SOBRANIE LOAN table showing financial metrics: Turnover 1,771,171, Trading profit 224,885, etc.

BASE LENDING RATES table listing various banks and their rates, e.g., A.B.N. Bank 14%, Allied Irish Bank 17%, etc.

INSURANCE BASE RATES table listing property growth and Vanbrugh Guaranteed rates.

Application form for Liberty Life Assurance Company Limited, including fields for Name, Address, Date of Birth, and Signature.

EUROPEAN OPTIONS EXCHANGE table showing series, vol., last, and stock prices for various options.

GOLD advertisement with text: 'Read our latest ideas on the metal. The easiest ways for private investors to buy and sell. Buying Kruggerands on margin. The Kruger premium. This plus many other not to be missed facts. All in the November issue of Venture Opinion. Send right now for your FREE copy.' Includes contact info for Venture Research, 1 Unity St., Bristol BS1 5HH.

U.S. ASSISTANCE advertisement for Schonfeld & Associates, Inc., 120 S. LaSalle St., Chicago, Ill. 60603 (312) 236-5846. Offers management consultants to corporate investors in U.S. industries.

Land Securities advertisement featuring 'Interim results' table and text: 'The Directors announce that the unaudited consolidated results for the six months ended 30th September, 1979, are:'. Includes detailed financial results and a note on rental income growth.

دكان من الذهب

WORLD STOCK MARKETS

NEW YORK

Table of stock prices for various companies in New York, including AMF, AM Int'l, ARA, ASA, Abbott Labs, Acme Cable, etc.

Table of stock prices for various companies in New York, including Gulf Oil, Gulf Oil, Gulf Oil, Gulf Oil, Gulf Oil, etc.

Dow index trims early loss

A SURGE in the Basic Money and another Prime Rate increase pushed stock prices broadly lower initially on Wall Street yesterday but the market was trimming its losses in active trading by mid session. After opening 5.97 down at \$15.36, the Dow Jones Industrial Average partially recovered to \$19.88, a 1 pm, for a net loss of 1.45 on the day and trimming its early loss of 5.97 on the week. The NYSE All Common Index, at \$69.31, firmed 4 cents on the day and \$1.57 on the week. Declines led advances by a seven-to-one margin in a volume of 22.74 million shares. Analysts said the \$3m rise in the Basic Money stock and Citicorp's Prime Rate move to 15 1/2 per cent from 15 per cent were the main factors behind the decline that interest rates are near a peak. However, analysts noted the Federal Reserve has repeatedly warned against placing too much weight on last week's figures: They added investors were consoled that Citicorp did not move its Prime Rate higher since its volume called for 16 per cent. General Motors slipped \$1 to \$54 — announced more layoffs. Active Ford shed \$1 to \$34 — Thursday it said it may lose \$1bn in 1979 on North American operations. Oils continued firmer. Occidental Petroleum again led the active, rising \$1 to \$89. Sun jumped \$3 to \$68. Marathon Noranda Mines slipped \$1 to \$18, despite increasing its dividend. Howard Johnson eased \$1 to \$21 — Imperial Corp said it will need approval for Export Oriented issues, reflecting the U.S. dollar and Thursday's earnings stream if Imperial's planned takeover of Howard Johnson at \$28 a share is to proceed. Gold rose \$1 to \$233 — it said 1979 earnings could match 1978, despite increasing its dividend. Closing prices and market reports were not available for this edition.

INDICES

Table of various stock indices including Dow Jones, Standard and Poors, NYSE All Common, Montreal, and Toronto Composite.

NEW YORK ACTIVE STOCKS

Table of active stocks in New York, including Thursday, Friday, and Saturday closing prices and changes.

CANADA

Table of stock prices for various companies in Canada, including Albitil, Agnico Eagle, Alcan Alum, etc.

FRANCE

Table of stock prices for various companies in France, including Air France, Bouygues, etc.

GERMANY

Table of stock prices for various companies in Germany, including AEG, Allianz, etc.

BEELGIUM (continued)

Table of stock prices for various companies in Belgium, including Petrofina, Royal Ind, etc.

HOLLAND

Table of stock prices for various companies in Holland, including ACP Holding, AKZO, etc.

DENMARK

Table of stock prices for various companies in Denmark, including Andelsbanken, Banco, etc.

FRANCE

Table of stock prices for various companies in France, including Air France, Bouygues, etc.

ITALY

Table of stock prices for various companies in Italy, including ANIC, Assicur, etc.

NORWAY

Table of stock prices for various companies in Norway, including Bergens Bank, etc.

GERMANY

Table of stock prices for various companies in Germany, including AEG, Allianz, etc.

AUSTRALIA

Table of stock prices for various companies in Australia, including ANZ Group, etc.

JAPAN (continued)

Table of stock prices for various companies in Japan, including Dai Nippon, etc.

HONG KONG

Table of stock prices for various companies in Hong Kong, including Anglo Sino, etc.

SINGAPORE

Table of stock prices for various companies in Singapore, including Cold Store, etc.

SOUTH AFRICA

Table of stock prices for various companies in South Africa, including Allmerton, etc.

FINANCIAL REND

Table of financial data including US\$97.82, (Discount of 34 1/2%), and Brazil and Spain prices.

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

VW buys into Chrysler Argentina

BY OUR FINANCIAL STAFF
VOLKSWAGEN, the West German carmaker, is to acquire some 49 per cent of Chrysler...

in acquiring the Chrysler shareholding. The announcement followed several months of exploration of the Argentinian car market by the West German group.

Roger Boyes writes from Bonn: Volkswagen executives were not available for comment on the acquisition last night but the move is seen as the latest in the German corporation's strategy of expansion in Latin America.

much of South America and the third world market; and Mexico supplementing Brazil in Latin America as well as building special types of vehicles for more advanced markets.

Italsider plant may receive EEC funds

SOME PROGRESS appears to have been made over the restructuring proposals for the Bagnoli steel works in Naples between the Italian authorities and the EEC.

United Airlines cancels orders for Boeing jets

GROWING CONCERN in the U.S. airline industry about the immediate outlook for passenger growth and profitability emerged yesterday when United Airlines, the largest U.S. carrier, disclosed that it had cancelled orders for \$300m of new Boeing 727 jets.

adding capacity to meet expected passenger growth through the 1980s and also to replace less fuel-efficient and noisier jets currently in their fleets. These purchase programmes have been buoyed up by the dramatic rise in airline profits in 1977 and 1978, which coincided with the deregulation of the U.S. airline industry.

But this year airline profits have come under pressure, partly because of the 60 per cent rise in fuel costs and also because of early signs of slowing passenger growth as the economy enters recession.

Sprecher plans to pass current year's dividend

BY JOHN WICKS IN ZURICH
THE SWISS electrical engineering company Sprecher and Schuh, of Aarau, has indicated to shareholders that no dividend payment is likely for the current year.

Japanese trading houses ahead

STRONG profits growth is forecast for this year by two of Japan's major trading houses following solid gains in earnings over the first six months which ended September.

Sumitomo, the country's fourth largest trading house, expects net profits to rise by a sixth for the current fiscal year to ¥9bn (\$365m) on sales higher by around 12 per cent.

and other raw materials such as timber where prices have risen sharply. Exports of commodities such as steel have been healthy, but big plant orders have been sluggish.

Bache restructures debt as earnings fall sharply

BACHE GROUP, holding company for Bache Halsey Stuart Shields, one of the largest traders in the securities industry, yesterday announced a sharp fall in earnings in the first quarter and disclosed that it has agreed with a banking syndicate to reorganise its debt structure.

Alberta Gas Trunk profits advance 40%

ALBERTA GAS Trunk Line, Alberta's main gas transmission company which last year bought control of Husky Oil, earned C\$78.6m or C\$1.94 a share in the first nine months, an increase of almost 40 per cent on the C\$56.3m or C\$1.54 a share earned in the corresponding period last year.

Pratt and Whitney Aircraft of Canada is starting an expansion programme at its Montreal engine and maintenance plant which will cost C\$80m over three years. Production capacity will rise more than 50 per cent.

Dutch papermaker faces closure

LOSSES of Okto, the board-making subsidiary of Koninklijke Nederlandse Papierfabriek (KNP), are now expected to be much higher than budgeted for. The Dutch Government is unwilling to provide extra aid, and Okto now faces closure.

Competition in Europe has put pressure on prices of its products. The chief energy and steel paper, which accounts for 75 per cent of its raw materials, has also risen sharply.

Government is not prepared to provide the extra F1 60-70m (\$30-35m) worth of aid now needed. Mr van Aardenne is to hold talks with the Ministers of Finance and Social Affairs, but closure of the company, which has made losses since it started up in 1976, is now a distinct possibility.

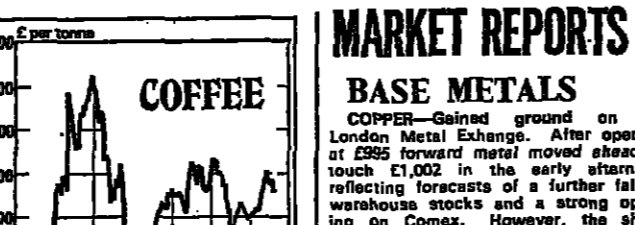
Under the rescue package announced last March, F1 70m of debt to KNP and government-guaranteed loans were written down to 50 per cent of their face value, while KNP provided F1 10m of overdraft facilities to the company.

NEW SPECIALISED REPORT ON METALS

We believe we know how to be consistently successful in metal trading. We have contracted the top CHARTIST/METALS ANALYST in the trade, probably the best in Europe, to prepare a Weekly Metals Forecast for us, taking into account all the known variables at the time of writing. We offer you a copy of this Report Free for three weeks.

COMMODITIES/REVIEW OF THE WEEK Sterling rise brings sugar price setback

THIS WEEK'S rise in the value of the pound, encouraged by Thursday's 3 per cent rise in the minimum lending rate, prompted a general decline in London's soft commodity markets.



Dealers said there was no significant fundamental news to account for the early rise. They attributed this to a continued reaction to last week's production deficit forecasts, and the Philippines to hold sugar of the world market.

WEEKLY PRICE CHANGES

Table with columns for commodity names, latest prices, changes on week, and year-to-date changes. Includes categories like METALS, COPPER, TIN, WHEAT, and SOYABEAN MEAL.

MARKET REPORTS BASE METALS

COPPER-Gained ground on the London Metal Exchange. After opening at £295.50, cash prices touched £1,002 in the early afternoon reflecting forecasts of a further fall in warehouse stocks and a strong upward bias in the market.

AMERICAN MARKETS

NEW YORK, November 16. THE PRECIOUS metals firmed on the increasing tension between the U.S. and Iran and on the higher than expected increase in the U.S. money supply. Copper continues to generate good commodity house buying interest.

Table of financial indices including Dow Jones, S&P 500, and various commodity price lists with columns for current and previous values.

Potential power vacuum the institutions must fill

BY CHRISTINE MOIR

DURING THE autumn conference of the National Association of Pension Funds this week one speaker from the floor pointed out that if the big investing institutions—who already own nearly half of all British equities—failed to assume responsibility as shareholders in the companies in which they invest, a power vacuum would form which would undoubtedly be filled by some other group.

His comments came shortly after an impassioned exhortation to pension fund investment managers from Sir Keith Joseph, Industry Secretary, to take a continuing strategic interest in company performance. He said he was not talking about institutional involvement during catastrophes but continuous monitoring of performance in order to stimulate management efficiency.

It has become almost a truism to point out that shareholders do have responsibilities for their companies; they are, after all, the technical owners. It is also irrefutable that active shareholders do stimulate management to match performance to expectation. But there are immense problems for shareholders assuming these responsibilities and exercising their powers.

Sir Harold Wilson, who is considering this problem among the many studied by his committee on the City, has several times wryly noted that institutional investment managers are bound to be criticised equally whether they intervene in company affairs or refuse to do so. Sir Keith's speech this week showed that he too was aware of the dilemma. Having pleaded with his audience to shoulder their responsibilities as shareholders and begin exercising their powers, he crisply enumerated the pitfalls.

- Fund managers have no special skills in industrial analysis so performance monitoring will be difficult.
- It is also expensive and will tend to increase investment overheads.
- Executive management may resent what they regard as interference from outsiders.
- Intimacy with a company could result in fund managers being regarded as "insiders"

with consequent inhibitions on dealing. The dilemma is one of which investment managers are acutely conscious. Some, perplexed by the difficulty of resolving it, continue to hide behind a refusal to accept that shareholders have any power. They see themselves merely as punters whose choices are limited to studying a company's public "form" and getting in or out of its shares on that basis.

This attitude simply refuses to face facts. The institutions do have power as shareholders. Over the past couple of years they have begun to exercise it. To be sure, on occasion, they have looked foolish. Too often collective action is hastily embarked on which generates little but bad feeling. But this is to be expected; they are still learning their role.

Locked in

On the plus side they did draw attention to inequalities in the Wilkinson Match/True Temper takeover; they have prevented companies such as Pearson and Phillips from buying out too cheaply the minorities in their subsidiaries; they have delayed controversial mergers, such as that of Dalgety and Spillers, to allow more time for appraisal.

And, following the Allied Breweries/J. Lyons merger, they have even forced a change in Stock Exchange rules. From now on shareholders will have to be consulted before major acquisitions are embarked on.

So it is clear that the institutions do have shareholder power. Furthermore in their own interests they need to exercise it. Far from being able to get in and out of their investments like punters, the funds are becoming daily more locked into their company investments as their share of the securities markets grows. So far as the biggest companies are concerned, the institutions tend to have permanent "core holdings" in which dealings are insignificant and infrequent.

The implication of this is that as the institutions are long-term shareholders in companies, they must try in any way possible to support and encourage the performance of those companies.

Some of the institutions have woken up to this fact of life, and are actively encouraging personal contacts between companies and their shareholders in the interests of long-term investment performance.

The catch is whether such contacts will turn fund managers into "insiders," privy to confidential information which they cannot then act upon because it is privileged.

The Prudential takes a robust attitude to this. Lord Carr of Hadley, deputy chairman of Prudential, recently presented a paper to the Institute of Chartered Secretaries on the "function of ownership and the role of institutional shareholders."

In it he quotes his own chairman's annual statement in the 1977 accounts which forecast and applauded the development of closer contacts between institutions and companies.

He then goes on to formulate a stronger view. Starting with the basic principle that if an institution's personal contacts with a company do throw up inside information then it must accept that it is thereby prohibited from dealing, he denies that this should inhibit intimacy.

In any case, he points out, there is plenty of information which can be exchanged which is not confidential but which will give investors a clearer view of what is going on and a better opportunity of setting performance targets for management which they can reasonably be expected to meet. And that will be good for all classes of shareholders, not just the big institutional owners.

Mr. Hugh Jenkins, director general of the National Coal Board's pension funds, returned to the same theme in his address to the NAPP conference.

He pointed out that prior to World War II it was fairly common for a major individual shareholder to be consulted from time to time. By listening to his views and keeping him informed, a company gained both the stability of a sympathetic long term holding and an excellent sounding board.

could be revived on much the same terms.

Like Lord Carr, Mr. Jenkins recognises that such conversations could block dealings by the institutions involved over what could be very lengthy periods and perhaps over a wide sector of their portfolios if they were consulted by a number of companies during a year.

He would like to see, therefore, a series of rules drawn up governing such conversations and their repercussions, one of which would limit the period for which dealing powers need be suspended.

Institutions—particularly fund managers of high turnover unit trust groups—who wish to retain their flexibility to deal at any time, could simply refuse to join such discussion groups which would, in any case, need to be kept small to avoid "leakage."

The increasing number of speeches and papers which are being devoted to the issue of shareholder relations is evidence both that the subject is important and that a working relationship between the institutions as shareholders and companies has yet to be formulated.

One concept which is currently much favoured as a way of ensuring both that more attention is paid to shareholders and that no group of shareholders gets on more intimate terms with a company than any other, is the non-executive director.

The Institute of Directors has just commissioned a discussion paper on the subject and hopes to come up with specific recommendations within a matter of months. In addition, the Government has promised a full debate in the House when the present Companies Bill gets to the report stage—probably in February.

Several groups are pressing for regulations which will make it compulsory for major companies to have a certain number of non-executive directors on their boards. But the majority of institutions—and the Stock Exchange, for that matter—believe this to be a wrong move.

While they approve of the concept and encourage companies to appoint such board members, they believe legislation as such



Sir Ronald Owen, chairman of Prudential, favouring closer contacts between institutions and companies; Mr. Hugh Jenkins, director general of the NCB's pension funds, proposing a "dialogue"; Lord Carr of Hadley, deputy chairman of Prudential, favouring closer contacts between institutions and companies.

would be counter-productive.

Mr. Ronald Owen, chairman of Prudential, is actively opposed to legislation. Non-executive directors, he says, are worthless if they are not independent. If a company chairman is forced under law to have some on his board he would be tempted to appoint sycophants or sycophants who would do nothing or whom he would promptly ignore.

Short of legislation, therefore, the City believes that industry needs non-executive directors for their wisdom and advice, and shareholders need them to protect their investments by monitoring performance.

It is a long way, however, from approval of a concept to implementation.

There is the difficulty of identifying potential individuals and of introducing them to companies. The big institutions, already sometimes called upon by companies to nominate directors, are naturally reluctant to take upon themselves the role of matrimonial agencies.

But a more fundamental problem is what non-executive directors should do once appointed. What action can they take if they do uncover something which they feel shareholders should be told about?

They can, of course, lean on the chairman to make a public statement. Failing that they can resign—as Mr. Alfred Singer did at Dalgety when he disapproved of the company's

plan to take over Spillers.

The concept of the audit committee—composed of non-executive directors and with a closely-defined function to vet management accounts and report to shareholders—is one way non-executive directors could make themselves heard.

But most commentators think that such a role is too narrow and would in any case lead to non-executive directors being regarded by the executive as snoopers and tattle tales. Far better that the board remain unified and able to bring the non-executive directors into full employment.

Furthermore, there is a clear prospect that audit reports would dwindle—like auditors' certificates—into formulae and become less than useful as indicators of a company's performance.

Apart from audit reports—still only in the discussion stage—there is at present no method or forum through which non-executive directors can air their assessments of performance even in a time of crisis.

Lord Carr believes that two existing bodies could be utilised as a meeting ground between the institutional shareholder and the non-executive directors: the Institutional Shareholders Committee and Equity Capital for Industry, though this was not the primary function of the latter.

He invites discussion as to whether either of these bodies could become a sort of ombudsman's office to whom a non-

executive director could turn for help in raising collective action by institutions over problems for which he can find no other solution.

Even within the Prudential, however, this role for ECI is not welcomed. Mr. Ron Artus, joint investment manager of the Prudential, says bluntly that ECI "lacks credibility" for such a function. The effectiveness of the ISC is also regarded sceptically in some quarters.

Mr. Graham Tifford, investment manager of the ZEP pension fund, believes it would need considerable modification before it could be used as a court of appeal.

No panacea

But in any case even if a forum can be found for non-executive directors, shareholders cannot rely upon them as a panacea. However strong a pressure group they may be on a board, the non-executive directors cannot perform in such a way that they absolve shareholders from having to play any personal role in monitoring and criticising management.

There may be occasions when the watchdog itself will need watching.

In all the brouhaha, few are sparing a thought for the traditional forum given to shareholders to quiz their management and assess current trading fortunes—the compulsory annual general meeting.

Most fund managers simply acknowledge that annual meet-

ings today are generally spineless affairs at which a company is confronted by few relevant questions and those it usually parries with anodyne answers which appear to satisfy the meeting.

"They even admit that annual meetings have decayed in proportion as institutional shareholdings have risen.

As one fund manager puts it: "If I have any questions to put to a company I need to ask them long before the annual meeting."

But, such replies miss the point. Now, when the role of the institutions as shareholders is being discussed, the time for a serious study of whether there is any possibility of resuscitating the annual meeting. Discussions about non-executives and the rules governing private contact between institutions and companies should not be allowed to completely overshadow such a study.

Institutions clearly do have powers and responsibilities in sharing their role, function and limitations must go on. Solutions will not be easy to find and easy solutions should be avoided. And meanwhile the institutions will increasingly undertake collective action when companies embark on policies and programmes which they disapprove, thus wielding a power which has not yet been brought under discipline.



J & M SPECIAL SCOTCH WHISKY

One taste will tell you it's a very superior whisky.

هكنا من النحل

ARBUTHNOT GOVERNMENT SECURITIES TRUST LIMITED

Now - Dividends paid quarterly

First Quarterly Dividend

For the added convenience of shareholders in meeting their regular financial commitments dividends will now be paid quarterly. The Directors are pleased to declare a first quarterly dividend for year ending 31st July 1980 of 3½p per share payable on the 15th January 1980 and thereafter will seek to pay three similar distributions.

The Income shareholders receive gross dividends in cash and the Capital shareholders a scrip issue of equal value. The fund is now valued at over £4½ million.

15.00%

Estimated Gross Dividend Yield (at the offer price of 85p x d*)

*Valuation as at 15th November 1979.

Particulars of the Company

The Company was formed by Arbuthnot Securities (CL) Limited to provide management of British and Irish Government Securities. As the Company is resident outside the United Kingdom and Ireland, interest on the securities in the fund is received without deduction of tax. The Company is liable only to Jersey Corporation Tax.

Allen Harvey & Rose Investment Management Limited who have an excellent record in the management of City-edged funds act as investment advisers.

The Share Capital is divided into Income and Capital shares which are of equal value and are issued and redeemed at prices based on net asset value.

- Distributions are made on 15th January, 15th April, 15th July and 15th October.
- Capital shares may not be held by residents of the United Kingdom or Jersey.
- The Income and Capital Shares are listed on The Stock Exchange, London.
- Valuation and dealing dates will normally be on Mondays unless any such Monday is not a business day, in which case the operative date will be the next business day.

For copies of the company's prospectus (on the terms of which alone applications for shares will be considered) please send the coupon to: Arbuthnot Securities (CL) Limited, PO Box 284, Rutland House, Hat Street, St. Helier Jersey, Channel Islands. Tel: Jersey (0334) 76977.

Please send me a copy of the company's prospectus together with the latest accounts and a copy of the interim report.

Name: _____ Address: _____

ARBUTHNOT

ISSUED BY ARBUTHNOT SECURITIES LIMITED (LICENSED DEALERS IN SECURITIES)

FFI TERM DEPOSITS

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 23.11.79 are fixed for the terms shown:

Terms (years)	3	4	5	6	7	8	9	10
Interest %	12½	12½	12½	12½	12½	13	13	13

Today's rates 12½-13%

Deposits to and further information from the Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE8 5RP. (01-928 7822 Ext. 367). Cheques payable to "Bank of England, a/c FFI".

Finance for Industry Limited

ENTERTAINMENT GUIDE

CINEMAS
 ABC 1 & 2, Shaftesbury Ave. 8:30 8:55
 Sep. Performance. All Seats Bookable.
 1. THE FUSCO BID (A. W. and Son)
 2.00, 2.00, 5.00, 8.00, 10.00, 12.00
 2. PROPHET (L. W. and Son)
 8.00, 8.10, 10.00, 12.00, 14.00, 16.00
 (Last 5 seats)

CLASSIC 1, 2 & 3, Haymarket (Piccadilly)
 8:15, 8:30, 8:45, 9:00, 9:15, 9:30, 9:45, 10:00
 1. Peter O'Toole ZULU DAWES (A. W.)
 2.00, 2.00, 5.00, 8.00, 10.00, 12.00
 2. SLOW DANCING IN THE BIG CITY (A. W.)
 1.00, 1.00, 2.00, 4.00, 6.00, 8.00, 10.00, 12.00
 George Hamilton LOVE AT FIRST SIGHT (A. W.)
 1.00, 1.00, 2.00, 4.00, 6.00, 8.00, 10.00, 12.00

CLASSIC POLY Oxford Circus (Piccadilly)
 8:15, 8:30, 8:45, 9:00, 9:15, 9:30, 9:45, 10:00
 1. THE LORD OF THE DANCE (A. W.)
 2.00, 2.00, 5.00, 8.00, 10.00, 12.00

CINEMAS Curzon Street, W. 1, 499-577
 8:15, 8:30, 8:45, 9:00, 9:15, 9:30, 9:45, 10:00
 1. THE LORD OF THE DANCE (A. W.)
 2.00, 2.00, 5.00, 8.00, 10.00, 12.00

THE EUROPEAN (U)
 8:15, 8:30, 8:45, 9:00, 9:15, 9:30, 9:45, 10:00
 1. AS NEAR PERFECT AS A LOVE LETTER (A. W.)
 2.00, 2.00, 5.00, 8.00, 10.00, 12.00

OSION Haymarket, 210 2788-27
 8:15, 8:30, 8:45, 9:00, 9:15, 9:30, 9:45, 10:00
 1. THE LORD OF THE DANCE (A. W.)
 2.00, 2.00, 5.00, 8.00, 10.00, 12.00

CLASSIC Langham Place, 830 6955
 8:15, 8:30, 8:45, 9:00, 9:15, 9:30, 9:45, 10:00
 1. THE LORD OF THE DANCE (A. W.)
 2.00, 2.00, 5.00, 8.00, 10.00, 12.00

Stock Exchange dealings

Table showing stock exchange dealings for Thursday, Wednesday, Tuesday, Monday, Friday, and Thursday of the previous week.

The list below gives the prices at which bargains were done by members of the Stock Exchange and recorded in last Thursday's Stock Exchange Daily Official List. These securities are listed in the following order...

Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which bargains have been done...

Bargains at Special Prices. A Bargain done with or without non-members, and a Bargain done with or without a recognized Stock Exchange...

Table listing various companies and their stock prices, including A.M.T., B.A.T., and others.

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GUARANTEED INCOME BONDS: HIGHEST OFFER OF ALL TIME 15% (NET OF BASIC RATE TAX)

UNIT TRUST AND INSURANCE OFFERS

APPOINTMENTS

Board posts at Brown Brothers

Five appointments have been made to the board of BROWN BROTHERS LIMITED, a subsidiary of Brown Brothers Group...

Mr. Peter E. Brancomeck has been appointed managing director of MUSTANG CARAVANS, a member company of the Butterfield Harvey Group.

Mr. William M. McCormick has been appointed president of the travel division of AMERICAN EXPRESS COMPANY...

Mr. Jonathan Kaufmann has been appointed marketing director of CAPE INSULATION SERVICES, a subsidiary of Cape Industries.

Mr. N. D. Lobanov has been appointed a senior vice president of the Hammons Property and Investment Trust.

Mr. Fred E. Krause has been named directors of polyvinyl chloride (PVC) projects for B.F. Goodrich Chemical Group, Cleveland, Ohio.

Mr. J. S. Henderson, deputy general manager of the SCOTIA-BENEFIT LIFE ASSURANCE SOCIETY...

LONDON STOCK EXCHANGE

Companies and Markets

Another dramatic day in Gilts ends with strong rally £800m tap issue fails to shake new-found enthusiasm

Account Dealing Dates Options First Declared Last Account Dealings Nov. 15 Nov. 16 Nov. 26 Nov. 19 Dec. 6 Dec. 7 Dec. 17 Dec. 10 Dec. 20 Dec. 27 Jan. 7

halted for the customary 45 minutes to assess the issue of yet further Government stock, this time £800m of Treasury 15 per cent 1986 to be issued by tender at a minimum price of 98 1/4.

was again to lower levels in secondary issues. The sharp rise in interest rates continued to unsettle Householders, Barratt, 10 1/2p, and Bellway, 7 1/2p, both easing 3, while Gough Cooper gave up a penny further to 64p.

Among Timbers, Phoenix were vulnerable to further selling and gave up 1 1/2p to 115p, while Mallin, some Denny lost 3 1/2p to 43 1/2p.

Losses of a similar amount were marked against Startrite, 51p, Turrit, 73p, and Balfour Beatty, 58p.

Hangar dipped 3 to 45p. Group Lotus closed 2 better at 33p following the more-than-doubled first-half profits.

Another day of drama in stock markets began with unprecedented scenes in the gilt-edged sector as word quickly spread prior to the start of dealings that demand for the new partly-paid long-dated Government stock, announced late the previous evening and of which many public investors were unaware, substantially exceeded the amount issued direct to the Bank of England.

Favourable Press views about the Government's latest financial measures appeared to excite interest in leading shares and dealers were kept busy for the opening hour of business.

The major clearing banks closed below the day's best with rises ranging to 8 following the rises to uniform base lending rates in order to come into line with the key 17 per cent MIBOR.

Firm at first, leading Stores drifted lower as the day progressed, still on concern about the Government's latest credit curbs and the possible adverse effects it will have on Christmas trade.

Food attracted small buying and generally closed with modest gains. British Sugar however, gave back 3 to 145p on second thoughts about the preliminary results.

Oil shares got off to a firm start, but sellers soon appeared at the higher levels and final quotations were sometimes well below the best.

LONDON TRADED OPTIONS Table with columns for Option, Ex. rise, Closing offer, Vol., Closing offer, Vol., Equity close. Includes sub-sections for Oils, Metals, and Shares.

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FT-ACTUARIES SHARE INDICES

FT-ACTUARIES SHARE INDICES Table with columns for Equity Groups & Sub-sections, Fri. Nov. 16, 1979, and Highs and Lows Index. Includes sub-sections for Capital Goods, Consumer Goods, and Industrial Groups.

FIXED INTEREST PRICE INDICES Table with columns for British Government, 1-5 year, 10-15 year, and All Stocks.

NEW HIGHS AND LOWS FOR 1979

NEW HIGHS AND LOWS FOR 1979 Table listing various sectors like Chemicals, Electricals, and Industrial Goods with their respective high and low values.

OPTIONS

DEALING DATES For Deal Declared Settlements Nov. 23 Feb. 21 Mar. 3 Nov. 26 Dec. 7 Mar. 6 Mar. 17 Dec. 17 Dec. 28 Mar. 20 Mar. 31

RECENT ISSUES

RECENT ISSUES Table with columns for Issue Price, 1979 High/Low, and Stock.

FIXED INTEREST STOCKS

FIXED INTEREST STOCKS Table with columns for Issue Price, 1979 High/Low, and Stock.

"RIGHTS" OFFERS

"RIGHTS" OFFERS Table with columns for Issue Price, 1979 High/Low, and Stock.

FINANCIAL TIMES STOCK INDICES

FINANCIAL TIMES STOCK INDICES Table with columns for Nov. 16, Nov. 15, Nov. 14, Nov. 13, Nov. 12, Nov. 11, and 1 year ago.

HIGHS AND LOWS

HIGHS AND LOWS Table with columns for 1979 High/Low and Since Completion High/Low.

S.E. ACTIVITY

S.E. ACTIVITY Table with columns for Daily Gilt Edged, Speculative, and Total.

South African Financials edged higher in subdued trading but tended to ease towards the close. Anglo American was the main mover.

RISES AND FALLS

RISES AND FALLS Table with columns for Yesterday and On the week, listing various market categories.

UNIT TRUST SERVICE

UNIT TRUST SERVICE OFFSHORE & OVERSEAS -contd. Advertisement listing various investment services and fund managers.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts under the 'AUTHORISED UNIT TRUSTS' section, including names like Abbey Unit Trst, Allen Harvey & Ross Unit Trst, and others.

Table listing various unit trusts under the 'Discretionary Unit Fund Managers' section, including names like E. F. Winchester Fund Mgmt Ltd, E. H. Broomfield, and others.

Table listing various unit trusts under the 'Mayflower Management Co. Ltd' section, including names like Mayflower Growth, Mayflower Income, and others.

Table listing various unit trusts under the 'Target Trst Mgrs. Ltd' section, including names like Target Trst Mgrs, Target Trst Mgrs (Scotland), and others.

Table listing various unit trusts under the 'Commercial Union Group' section, including names like Commercial Union Group, Commercial Union Group, and others.

Table listing various unit trusts under the 'London Aileen & Nims' section, including names like London Aileen & Nims, London Aileen & Nims, and others.

Table listing various unit trusts under the 'Scottish Widows' section, including names like Scottish Widows, Scottish Widows, and others.

Table listing various unit trusts under the 'Capital International S.A.' section, including names like Capital International S.A., Capital International S.A., and others.

INSURANCE PROPERTY BONDS

Table listing various insurance and property bonds, including names like Abbey Life Assurance Co. Ltd, Abbey Life Assurance Co. Ltd, and others.

OFFSHORE & OVERSEAS FUNDS

Table listing various offshore and overseas funds, including names like Alexander Fund, Alexander Fund, and others.

NOTES: Please see general information indicated. Visits to (shown in list column) allow for all buying...

Continued on previous page

FT SHARE INFORMATION SERVICE

American Smaller Companies. Up 37.6% since launch (Dow Jones 1.8%). For the portfolio and views on the American stock market contact: Richard Bageot, PIMS Advisory Centre on FREEPHONE 3169 (via operator).

Schlesingers

BRITISH FUNDS

Table of British Funds with columns for Name, Price, and Yield. Includes Treasury 1980, Treasury 1981, Treasury 1982, etc.

Shorts (Lives up to Five Years)

Table of Short-term investments with columns for Name, Price, and Yield. Includes Treasury 1980, Treasury 1981, Treasury 1982, etc.

Five to Fifteen Years

Table of Medium-term investments with columns for Name, Price, and Yield. Includes Treasury 1980, Treasury 1981, Treasury 1982, etc.

Over Fifteen Years

Table of Long-term investments with columns for Name, Price, and Yield. Includes Treasury 1980, Treasury 1981, Treasury 1982, etc.

Undated

Table of Undated investments with columns for Name, Price, and Yield. Includes Treasury 1980, Treasury 1981, Treasury 1982, etc.

INTERNATIONAL BANK

CORPORATION LOANS

Table of International Bank Corporation Loans with columns for Name, Price, and Yield. Includes BNP Paribas, Citicorp, etc.

LOANS

Public Bond and Ind.

Table of Public Bond and Industrial Loans with columns for Name, Price, and Yield. Includes British Telecom, etc.

Financial

Table of Financial loans with columns for Name, Price, and Yield. Includes British Telecom, etc.

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FOREIGN BONDS & RAILS

Table of Foreign Bonds and Rails with columns for Name, Price, and Yield. Includes Anglo-Siam, Anglo-Siam, Anglo-Siam, etc.

AMERICANS

Table of American stocks with columns for Name, Price, and Yield. Includes AMF 5% Conv. 87, Amstar, Amstar, etc.

CANADIANS

Table of Canadian stocks with columns for Name, Price, and Yield. Includes Bell Canada, Bell Canada, etc.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for Name, Price, and Yield. Includes ANZ SAI, ANZ SAI, etc.

BANKS & HP—Continued

Table of Banks and Hire Purchase (Continued) with columns for Name, Price, and Yield. Includes Anglo-Siam, Anglo-Siam, etc.

Hire Purchase, etc.

Table of Hire Purchase, etc. with columns for Name, Price, and Yield. Includes Anglo-Siam, Anglo-Siam, etc.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Name, Price, and Yield. Includes Allied Brew, Allied Brew, etc.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Name, Price, and Yield. Includes Allerton Const, Allerton Const, etc.

CHEMICALS, PLASTICS—Cont.

Table of Chemicals and Plastics (Continued) with columns for Name, Price, and Yield. Includes Croda Ind, Croda Ind, etc.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Name, Price, and Yield. Includes Amber Day, Amber Day, etc.

ENGINEERING—Continued

Table of Engineering (Continued) with columns for Name, Price, and Yield. Includes Allen W, Allen W, etc.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Name, Price, and Yield. Includes Great Western, Great Western, etc.

INDUSTRIALS (Misc.)

Table of Industrials (Miscellaneous) with columns for Name, Price, and Yield. Includes AEA Res, AEA Res, etc.

Table of Food, Groceries, etc. with columns for Name, Price, and Yield. Includes Anglo-Siam, Anglo-Siam, etc.

Table of Food, Groceries, etc. (Continued) with columns for Name, Price, and Yield. Includes Anglo-Siam, Anglo-Siam, etc.

Table of Food, Groceries, etc. (Continued) with columns for Name, Price, and Yield. Includes Anglo-Siam, Anglo-Siam, etc.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, etc. with columns for Name, Price, and Yield. Includes Anglo-Siam, Anglo-Siam, etc.

ENGINEERING MACHINE TOOLS

Table of Engineering Machine Tools with columns for Name, Price, and Yield. Includes Allen W, Allen W, etc.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics with columns for Name, Price, and Yield. Includes Anglo-Siam, Anglo-Siam, etc.

ENGINEERING MACHINE TOOLS

Table of Engineering Machine Tools with columns for Name, Price, and Yield. Includes Allen W, Allen W, etc.

